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A Guide For Issuing and Paying Agents

THE Book

ON U. S. SAVINGS BONDS

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ON U. S. SAVINGS BONDS

U.S. Savings Bonds Division
Department of the Treasury
Washington, D.C. 20226
January 1991

Table of Contents

		page
	Foreword	2
1.	Registration and Sales	3
2.	Issuing U.S. Savings Bonds	11
3.	Savings Bond Stock	18
4.	Forms of Payment/Issue Date	20
5.	Delivery/Accounting/Shipment/Insurance	23
6.	EZ CLEAR	27
7.	Correcting Errors Made When Issuing Bonds	31
8.	Reissue Transactions	32
9.	Loss, Theft, Destruction, or Nonreceipt of Savings Bonds	40
10.	Retention of Records	42
11.	Exchange of Series E or EE Bonds/Notes for Series HH Bonds	44
12.	Cashing Bonds and Notes	53
13.	Payment of Fees to Issuing and Paying Agents	65
	Appendix 1—PD Forms Pertinent to U.S. Savings Bonds/Notes	66
	Appendix 2—Savings Bonds District Offices	67

Foreword

"The Book on U.S. Savings Bonds" is designed to be a ready-reference guide for all employees of financial institutions who handle Savings Bonds transactions or answer questions about Bonds from customers.

"The Book" is not intended to be a substitute for official Treasury regulations or instructions to agents. It is, however, intended to be an agent's first-line reference book, answering most questions and providing guidance in handling most Bond transactions. Agents should maintain a file of pertinent Treasury Circulars (see below) and instructions from their Federal Reserve Bank for back-up reference.

Reference to specific interest rates, yields, and Tables of Redemption Values has been omitted. That information is readily available in the latest revision or amendment of the appropriate Treasury Circular as indicated below. Circulars are available from your Federal Reserve Bank or Branch.

Subject	Treasury Circular
Series E - Redemption Tables, etc.	No. 653
Series EE - Redemption Tables, etc.	PD Series 1-80
Savings Notes	PD Series 3-67
Series H - Interest Payment Tables, etc.	No. 905
Series HH - Interest Payment Tables, etc.	PD Series 2-80
Regulations Governing Series E and H	No. 530
Regulations Governing Series EE and HH	PD Series 3-80
Regulations Governing Exchange Transactions	PD Series 2-80
Regulations Governing Issuing Agents	PD Series 4-67
Regulations Governing Paying Agents	No. 750

Chapter 1

Registration and Sales

Series Available

The only Savings Bonds now available are:

Series EE—Appreciation type, interest accumulates.

Series HH—Current-income type, interest paid by Treasury check or direct deposit (electronic funds transfer) each six months. Available only as the result of an authorized exchange or upon reinvestment of the proceeds of matured Series H Bonds. Direct deposit is mandatory for all Bonds issued or reinvested after October 1, 1990.

For Further Information
Popular Literature—Savings Bonds

information and customer materials are available for distribution to the public.

Supplies may be obtained from your District Director, U.S. Savings Bonds Division, Department of the Treasury.

Official Regulations and Instructions—See table following Foreword.

In addition to these Treasury Circulars, which contain official regulations, there are also instructional memoranda provided from time to time. These come to you automatically as they are issued.

For additional copies, direct your request to your Federal Reserve Bank or Branch.

Series No Longer On Sale

Designation	Period of Issue	Years to Maturity	Final Issues Ceased Drawing Interest on:
Series A-D	March 1935-April 1941	10	April 1, 1951
Series E	May 1941-June 1980	See page 8	See page 8
Series F & G	May 1941-April 1952	12	April 1, 1964
Series H	June 1952-December 1979	See page 8	See page 8
Series J & K	May 1952-April 1957	12	April 1, 1969
Savings Notes	May 1967-October 1970	See page 8	See page 8

Designation	Period of Issue	Maturity	Cease Drawing Interest at:
Retirement Plan Bonds	January 1963-April 1982	Indeterminate, approximately five years after date of owner's death.	Maturity
Individual Retirement Bonds	January 1975-April 1982	When owner attains approximately 70-1/2 years if living; if deceased, when he would have attained age 70-1/2, or five years from date of death, whichever is earlier.	Maturity

Denominations

Series EE Bonds are sold in eight different denominations; HH Bonds are available in four denominations in exchange for eligible Series E and EE Bonds and U.S. Savings Notes or upon reinvestment of the proceeds of matured Series H Bonds. They are:

	Issue Price	Face Amount	Portraits
Series EE	$ 25.00*	$ 50.00	George Washington
	37.50*	75.00	John Adams
	50.00	100.00	Thomas Jefferson
	100.00	200.00	James Madison
	250.00	500.00	Alexander Hamilton
	500.00	1,000.00	Benjamin Franklin
	2,500.00	5,000.00	Paul Revere
	5,000.00	10,000.00	James Wilson

*are not available for purchase through Payroll Savings Plans

	Exchange Price/ Face Amount	Portraits*
Series HH	$ 500.00	Hamilton
	1,000.00	Gallatin
	5,000.00	McCulloch
	10,000.00	Sherman
	*Secretaries of the Treasury	

Eligible Buyers

Series EE

Series EE Bonds may be bought by individuals, corporations, associations, public or private organizations, fiduciaries, and other investors in their own right. However, registration is restricted to those who are:

1. Residents of the United States, its territories and possessions, or the Commonwealth of Puerto Rico.
2. Citizens of the United States residing abroad.
3. Civilian employees of the United States and members of its Armed Services, regardless of residence or citizenship.
4. Residents of Canada or Mexico who work in the United States, but only if the Bonds are purchased on a payroll deduction plan and the owner provides a taxpayer identifying number.

Other individuals may be named as coowners or beneficiaries, with individuals of the above classes, except those residing in any area with respect to which the Treasury Department restricts or regulates the delivery of checks drawn against funds of the United States.

For Full Details:
See Treasury Circular, PD Series 3-80, Subpart B.

Registration

Series EE and HH

Issued only in registered form and must express actual ownership of, and interest in, the Bond.
Authorized Forms of Registration

1. Individuals
   A. Single Ownership Form—One name only.
      Example: 123 45 6789
      John Q. Doe

   B. Coownership Form—Two individuals only.
      Example: 123 45 6789
      John Q. Doe
      or
      Mrs. Mary S.Doe

   C. Beneficiary Form—Two individuals only.
      Example: 123 45 6789
      John Q. Doe
      payable on
      death to
      Mary S. Doe
      or
      123 45 6789
      John Q. Doe
      P.O.D.
      Mary S. Doe

   Note: Always use a married woman's given name rather than her husband's. The use of courtesy titles for women is not required, but "Mrs.," "Miss," or "Ms" may be used if desired.

2. Fiduciaries, Private or Public Organizations generally in Single Ownership Form only—For various authorized forms of registration, see Treasury Circular, PD Series 3-80, Sec. 353.7(b) and (c).

The *Social Security Number* of the owner or first-named coowner is required on all Savings Bonds. The number of the second-named coowner or the beneficiary is not required but could be helpful to establish entitlement to a Bond. Purchasers of Bonds as gifts must furnish their own Social Security number, if registered owner's or first-named coowner's number is not available.

Bonds purchased as a gift to a minor under a gift-to-minors statute must be registered as prescribed by the applicable state statute and no coowner or beneficiary may be named.

Registration
(continued)

Under the exceptions to the Privacy Act of 1974, delineated in Section 7(a)(2), Social Security numbers are required of Savings Bonds purchasers to maintain the records system existing prior to January 1, 1975, in accordance with the regulations governing Savings Bonds found in Treasury Circular, PD Series 3-80.

For Full Details:
See Treasury Circular, PD Series 3-80, Subpart B.

Interest

Series E and EE
Appreciation Type
Interest accrues monthly and becomes a part of the redemption value when a Bond is cashed. The redemption value of new issues increases from the third month from issue through the 30th month, and semiannually thereafter.

All Series EE Bonds bought on or after November 1, 1982, and held at least five years, earn market-based interest (85 percent of the average yield during the holding period on Treasury marketable securities with five years remaining to maturity) or a minimum rate, compounded semiannually, whichever is more. Minimum rates are subject to change for new issues and for Bonds entering new extension periods. A minimum rate of 7.5 percent was in effect from November 1982 through October 1986; since November 1986 the minimum rate has been 6 percent. Older Series E and EE Bonds still outstanding and earning interest five years from their first semiannual interest accrual dates on or after November 1, 1982, also earn market-based interest if it is higher than their guaranteed rate.

All E and EE Bonds held less than five years after November 1, 1982, earn interest on a fixed, graduated scale.

For detailed information on *interest rates* and *redemption values*, see the latest Revision or Amendment of Treasury Circular No. 653 (for E Bonds), or PD Series 1-80 (for EE Bonds).

Series H and HH
Current-Income Type
Interest is paid every six months by check or direct deposit (electronic funds transfer) to a bank account in the owner's name. Direct deposit payments, which are required for all new issues and reinvestments after October 1, 1990, bear the name of the owner or coowner who requests that the interest be paid in this way. Checks are ordinarily issued in the same form the Bond is inscribed (except Bonds in beneficiary form - only owner is named).

HH Bonds earn interest at a flat rate equal to the current minimum in effect on Series EE Bonds at the time the HH Bonds are issued. Original maturity for all HH Bonds is 10 years. The market-based interest rate does not apply to H or HH Bonds.

For detailed information on *interest check amounts* and *rates* see the latest Revision or Amendment of Treasury Circular No. 905 (for H Bonds), or PD Series 2-80 (for HH Bonds).

For Full Details:
See Treasury Circulars No. 530, Subpart G, and PD Series 3-80, Subpart G, also Circulars No. 653, PD Series 1-80, No. 905, and PD Series 2-80.

Tax Free for Education

Under the Technical and Miscellaneous Revenue Act of 1988, Series EE U.S. Savings Bonds purchased after December 31, 1989, may be tax free when used to pay tuition and fees at qualified educational institutions. As an issuing or redemption agent, this Act does not require you to process any additional forms for your customers. Agents should simply be able to explain the requirements for the program and provide their customers with the Bond's value and interest amount at the point of redemption. (This information is necessary to fill out the IRS Form 8818 shown on page 7.) The following paragraphs explain the program and the qualifications that need to be met in order for your customers to participate.

To qualify for the interest exclusion, the Bonds must be issued after December 31, 1989, to individuals who are at least 24 years old. If the Bonds are intended to benefit dependent children, they must be issued in either one parent's name or both parents' names. The Bonds cannot be issued in the name of a child as

Tax Free for Education

(continued)

owner or coowner. The Bonds must be redeemed in a year the Bond owner pays qualified educational expenses, which are tuition and fees, to an eligible educational institution. Room and board are not qualified educational expenses. Eligible educational institutions include colleges, universities, technical institutes, and vocational schools.

The interest on qualifying Bonds will be fully exempt from Federal income tax only if the qualifying tuition and fees paid during the year are equal to or greater than the redemption proceeds (interest and principal) of qualified Bonds, regardless of how the qualifying Bond proceeds are actually used. If tuition and fees are less than the value of the Bonds cashed, the exemption is proportional to the percentage of the value that was used for tuition and fees. For example, if $10,000 worth of Bonds are redeemed during the year but tuition and fees total only $8,000, 80 percent of interest income is exempt from Federal income tax.

Income limits apply to the year of redemption of the Bonds. In 1990, a single person with an income of $40,000 or less, or a married couple filing a joint return with an income of $60,000 or less, may be entitled to a full exemption. (Married taxpayers filing separately are not eligible for the exemption.) No interest is eligible for exemption for single filers with incomes over $55,000 or for married couples filing a joint return with incomes over $90,000. Single taxpayers with incomes between $40,000 and $55,000 and joint return filers with incomes of $60,000 to $90,000 will be able to exclude some but not all the Bond interest. These income levels will be adjusted for inflation in years after 1990.

Customers should keep Series EE Bonds that meet the requirements to qualify for the interest exclusion separate from any other Bonds they hold. This is important in determining how much interest is excludable from gross income in the year that qualified Bonds are cashed. Remind your customers that EE Bonds purchased before 1990 do not qualify. Records that Bond buyers should keep are: the Bonds' serial numbers, face amounts, and issue dates; the date of redemption; the total proceeds received (principal and interest); the name of the institution paid and amount of qualified expenses, and the date those expenses were paid.

To complete their tax return, it is important for customers to retain a record of the redemption value and accrued interest for Series EE Bonds separated into two groups (i.e., Bonds issued through 1989, and eligible Bonds issued beginning in 1990).

Customers may use an optional IRS Form 8818 to record information about Bonds eligible for the exclusion. When Bonds are cashed the form should be used to record the total proceeds and interest.

For detailed information on record-keeping requirements and other tax information, direct your customers to their Internal Revenue Service District Office.

Form **8818**
(November 1989)

Department of the Treasury
Internal Revenue Service

Optional Form To Record Redemption of College Savings Bonds

(For Series EE Bonds Issued After 1989)

▶ Keep for your records. **Do Not Send To IRS.**
▶ **See instructions on back.**

OMB No. 1545-1151
Expires 10-31-92

Name

Date cashed

1 (a) Serial Number	(b) Issue Date (must be after 1989)	(c) Face Value

Limit on Purchases

Series EE

Current Limit on Purchases—$30,000 (face amount) in EE Bonds issued during any one calendar year.

Series HH

Series HH Bonds obtained in exchange for accumulated holdings of Series E or EE Bonds/Savings Notes, or upon reinvestment of the proceeds of matured H Bonds, are not subject to a purchase limitation.

How to Compute Purchases

Coownership Issues. The annual limit on purchases is $30,000 face amount—$15,000, issue price—for Series EE Bonds. In computing this limit, Bonds registered in the names of two persons as coowners may be applied to the holdings of either coowner or apportioned between them, up to a maximum of $60,000, face amount, in EE Bonds.

Each of these coowners may, in addition, purchase and hold in that calendar year Bonds bearing either of their names with other persons as coowners up to a maximum of $30,000 (face amount) per coowner, as long as these additional coowners do not have other Bonds purchased in that year bearing their names as owner or coowner.

Beneficiary Issues. Purchases are applied to the owner, not beneficiary.

Fiduciary Capacity. Bonds held by persons serving as guardian or in other fiduciary capacity are computed separately from personal purchases.

No Cumulative Limits. The limitation applies to Bonds issued in any one calendar year, and purchases may be added to Bonds obtained in previous years.

For Full Details:
See Treasury Circular PD Series 3-80, Subpart C; also Circulars PD Series 1-80 and 2-80.

Maturity Schedule for U. S. Savings Bonds

Date of Issue	Life of Bond (Yrs)	Date of Final Maturity
Series E		
May 1941 - Apr 1952	40	May 1981 -Apr 1992
May 1952 - Jan 1957	40	May 1992 - Jan 1997
Feb 1957 - May 1959	40	Feb 1997 - May 1999
Jun 1959 - Nov 1965	40	Jun 1999 - Nov 2005
Dec 1965 - May 1969	30	Dec 1995 - May 1999
Jun 1969 - Nov 1973	30	Jun 1999 - Nov 2003
Dec 1973 - Jun 1980	30	Dec 2003 - Jun 2010
Savings Notes (Freedom Shares)		
May 1967 - Oct 1970	30	May 1997 - Oct 2000
Series EE		
Jan 1980 - Oct 1980	30	Jan 2010 - Oct 2010
Nov 1980 - Apr 1981	30	Nov 2010 - Apr 2011
May 1981 - Oct 1982	30	May 2011 - Oct 2012
Nov 1982 - Oct 1986	30	Nov 2012 - Oct 2016
Nov 1986 -	30	Nov 2016 & Later
Series H		
Jun 1952 - Jan 1957	29 yrs, 8 mos	Feb 1982 - Sep 1986
Feb 1957 - Jul 1959	30	Feb 1987 - Jul 1989
Aug 1959 - Dec 1979	30	Aug 1989 - Dec 2009
Series HH		
Jan 1980 -	20	Jan 2000 & Later

Chain-Letter Schemes

All Series

The issuance of United States Savings Bonds in the furtherance of a chain-letter or pyramid scheme is considered to be against the public interest and is prohibited.

Further, the Treasury believes that the public should be made aware that such schemes—which are essentially get-rich-quick endeavors—do a distinct disservice to the Savings Bond Program. Instead of encouraging persons to make genuine investments, they create the illusion that participants are both aiding their government and themselves.

Accordingly, banks and other issuing agents should *refuse to sell* Savings Bonds in cases where they know—or have reason to suspect—that the Bonds will be used in any type of chain-letter scheme. This applies whether or not the letters and/or Bonds are to be transmitted through the United States mails.

Whenever there is a sudden sharp increase in the purchase of Savings Bonds issued to persons other then the buyer and his family, agents are asked to notify their local postmaster who, in turn, will alert the Office of Postal Inspector. Agents are also asked to notify the Office of Public Affairs, U.S. Savings Bonds Division, Department of the Treasury, Washington, D.C. 20226.

Individuals who purchase Savings Bonds for such chain-letter schemes, and who discover that participation may violate certain laws and regulations, may request a refund by submitting the Bonds and using Treasury Form PD 2966.

Gift purchases of Savings Bonds are, of course, legitimate, and are encouraged by the Treasury—so long as they are not associated with any type of fraudulent practice.

For Full Details:
See Treasury Circular,
PD Series 3-80,
Section 353.8

Registration/ Sales

Persons Eligible to Buy Bonds and Be Named Thereon

The term person(s) used in this chapter refers only to *natural* persons—as opposed to fiduciaries and private or public organizations. Issuing agents may issue Bonds only to natural persons. *Under no circumstances may an organization—of any type (including a church)—be named on a Savings Bond as a coowner or beneficiary.*

Savings Bonds may be purchased in the names of other than natural persons. Should a party other than a natural person submit to an issuing agent an application for the purchase of a Bond, the application and payment must be sent to a Federal Reserve Bank or Branch for issuance of the Bond unless the Bond is to be registered in the name of a natural person.

Persons eligible to buy and have Bonds inscribed in their names include—

- Residents of the United States, its territories and possessions, and the Commonwealth of Puerto Rico;
- Citizens of the United States residing abroad;
- Civilian employees of the United States, or members of its Armed Forces—regardless of residence or citizenship; and
- Residents of Canada or Mexico who work in the United States, but only if the Bonds are purchased on a payroll deduction plan and the owner provides a taxpayer identification number.

A person who is not included within the foregoing list of eligible purchasers may, nevertheless, be designated as a *coowner* or *beneficiary* of a Bond—whether on original issue or reissue—*except* an alien who is a resident of any area where the Treasury restricts or regulates the delivery of checks drawn on U.S. funds. (Department Circular No. 655 deals with such areas; contact your Federal Reserve Bank or Branch for current information.) Such persons who become entitled to Bonds by right of inheritance or otherwise, under Treasury regulations, will not have the right to reissue, but may hold the Bonds without change of registration with the right to redeem them at any time in accordance with their terms.

Registration/ Sales

Minor Involved in Bond Purchase

Purchase made by minor
A minor may name a coowner or a beneficiary on Bonds purchased with wages, earnings, or other funds under his or her control.

Purchase made by other than minor
With funds belonging to the minor. The Bonds should be registered in the minor's name alone, with no coowner or beneficiary. (If purchase is made by a court-appointed representative of a minor's estate, the Bond may be registered in the minor's name or in the name of the representative, followed—in either case—by an appropriate reference to the guardianship or fiduciary capacity. Bonds registered in this manner shall be issued by an FRB.
Purchaser uses own funds. The Bond may be registered in the name of the minor as the owner, or as a coowner or beneficiary. (A bond may be purchased as a gift to a minor under a gifts-to-minors statute in effect in a state in which the donor or minor resides. Such Bonds shall be registered as provided in the statute; they must be issued by an FRB.)

Natural guardians
A Bond may be registered in the name of either parent of a minor, as natural guardian. A coowner or beneficiary may be named, but only if the funds used to purchase the Bond do not belong to the minor.

Incompetent Involved in Bond Purchase

A Bond may not be registered in the name of an incompetent person unless there is a legal, court-appointed representative. Therefore, cases of this nature must be referred to your FRB when a Bond is to be issued. (There are specific regulations governing payment, reinvestment, or exchange of outstanding Bonds belonging to an adult incompetent upon request of a voluntary guardian. See Department Circular No. 530, Section 315.64, and Department Circular, Public Debt Series 3-80, Section 353.64.)

Authorized Forms of Registration

The authorized forms of registration for natural persons are (1) single ownership (one person only), (2) coownership (two persons), and (3) beneficiary form (one person as owner and another person as beneficiary). The manner of registering Bonds in these forms, and the rights of the parties under each form, are covered on page 4.

Limitation on Purchases

The amount of Bonds which may be purchased and held by a single person in a given calendar year is limited to $30,000 (face amount) in the case of Series EE Bonds. In computing purchases for any one person, include Bonds registered in that person's name as sole owner or as coowner. (However, the amount of Bonds held in coownership form may be applied to the holdings of either coowner or apportioned between them.) Bonds on which that person is named as beneficiary, or those purchased and redeemed within the same calendar year, may be excluded from computation. For more detailed information about the annual limitation on purchases, see Subpart C of Department Circular, Public Debt Series 3-80.

Gifts to the United States

Some persons buy Bonds with the intent—upon their death—of making the Bonds a gift to the United States. This may be done by designating the United States Treasury as either the coowner or beneficiary. Purchasers should be advised that these Bonds may not be reissued to change such designation, except in the case of Series EE or HH Bonds on which the Treasury has been designated as beneficiary. Issuing agents may issue Bonds in this form of registration.

Issuing U.S. Savings Bonds

Agents not yet participating in the Regional Delivery System (see page 13) should follow the General instructions below. Agents issuing Bonds for Payroll Savings Plans will generally not be affected by a conversion to RDS.

General

Names and Addresses

One or two natural persons only—no more—may be named on a Bond.

Issuing agents are limited to issuing Bonds in the name(s) of natural persons in their own right. Bonds registered in the name of an organization or in a fiduciary capacity must be issued by a Federal Reserve Bank or Branch (FRB) or the Savings Bond Operations Office (SBOO).

Show *first name* (for a married woman, use her—not her husband's—first name), *middle initial*, and *surname* of each person named on the Bond. Use designations — such as Jr. and Sr.—if essential to establishing the identity of a person. Women's courtesy titles are recommended, but not required.

Start first name right after the "To" printed on the Bond. See illustration. Such person is referred to as the owner.

As shown in illustration, record the complete mailing address of the owner. Include ZIP code. When Bond is to be mailed in window envelope, line with ZIP code should be last part of inscription appearing in the window. Address of a second-named person is not required.

Use of "OR"/ "POD"

When a second person is named on a Bond, he or she may be either—not both—a coowner or a beneficiary. A coowner—has the same right as the owner to cash a Bond—is indicated on the Bond by "OR".

A beneficiary—has the right to cash a Bond only if owner is deceased—is indicated on Bond by "POD" (meaning payable on death). The "OR" or "POD", as appropriate, should be positioned as shown for the "OR" in our illustration. The second name should appear—as in the illustration—on the same line as the "OR" or "POD".

Social Security Number

The Social Security number of the owner or first-named coowner must be positioned within the designated box (see illustration). Spaces, rather than hyphens, should be used between the blocks of numbers.

In gift Bond cases where the donee does not have a number, or the number is not known, the number of the donor should be obtained and placed within the designated box. (These items will not be associated with the Bond holdings of the donor.)

Issue Date

The issue date is the first day of the month in which the issuing agent receives payment for the Bond. It is the basis for determining when the Bond (a) is first eligible for payment, (b) accrues interest, and (c) matures. Insert, as illustrated, the month and year in the boxes provided. The issue date must be expressed numerically in the format 00-0000.

Dating Stamp

The dating stamp—also known as the validating stamp—must show the actual date the Bond is inscribed and the name, location, and four-digit code assigned to the issuing agent. Since many errors occur because of failure to update the stamp (or other means used to impress date) when month and year change, it is important to establish the practice of checking the dating stamp daily.

Stamp impression should be legible and confined to area indicated by broken-line circle on Bond and stub.

Legibility

It is important that all data recorded by an agent on Bond and stub be legible. The Treasury makes a microfilm image of each stub received in support of an issue and of each Bond paid. These records are maintained for use in the event of inquiries regarding loss, redemption, etc. Make sharp, clean, black impressions—free from smears and blurs. Do not make erasures or strikeovers.

Punched Holes

Issuing agents must not punch any holes in punched card Bonds or stubs without specific authorization from the Savings Bond Operations Office. No holes of any kind may be punched in the new design paper Bonds or stubs. Inquiries may be addressed to the Savings Bond Operations Office, Parkersburg, WV 26106-1328.

Folding, Stapling, Etc.

Do not fold, staple, spindle, or otherwise mutilate a Bond or stub, because such treatment often necessitates special handling of the item when it is electronically processed by the Treasury. (For the same reason, do not use an embossed seal when certifying a request for payment on the back of a Bond.)

Separating Bonds and Stubs in Perforated-Type Stock Assemblies

When separating Bonds and stubs in any of the perforated-type stock assemblies, use care. Do not use cutting instruments or equipment to remove perforated edges. Any resulting long or short Bonds or stubs hamper proper electronic processing.

Regional Delivery System

The Treasury Department has introduced a Regional Delivery System (RDS) for the inscription and delivery of Series EE U. S. Savings Bonds purchased "over-the-counter." Financial institutions will receive and process customer orders and forward them to their Federal Reserve Bank or Branch to be issued and mailed.

Agents should be advised that some changes have been made in operating procedures. The purchase order form has been redesigned and a new batching document has been prepared for transmitting purchase order forms to the FRB. Because Bonds are issued and mailed up to three weeks after the purchase date, a non-negotiable gift certificate is available for customers purchasing Bonds as gifts. There is no change in the method of dating Bonds however. Bond issue dates will be the same as the month of purchase.

Purchase Order Information

Order Form Assembly

The new Savings Bond purchase order form is made up of a green original for the Federal Reserve Bank, a white agent copy, and a second white copy which serves as a customer receipt. Areas for essential purchaser or agent information have been highlighted with white boxes. Purchaser instructions are provided on the back of the third copy.

Agent Responsibilities

It is the responsibility of the agent to review each Savings Bond purchase order form for completeness, accuracy, and legibility. Order forms transmitted to the Federal Reserve Bank which lack essential information (in the highlighted white boxes and signature field) will be returned to the agent for proper completion.

Gift Bonds

Whenever the purchaser and named owner of a Bond are different, the agent should offer the purchaser a gift certificate. This non-negotiable certificate can be used by the purchaser to inform the named owner that they will receive a Bond in the mail directly from the Federal Reserve Bank. The agent has the option of either completing the certificate or requiring the purchaser to do so. No gift indicator will be inscribed on the face of the Bond.

Fiduciary Bonds

Continue to use the "Application for United States Savings Bonds" (PD 4882) for all fiduciary Bond transactions. Fiduciary Bonds will be processed through RDS; however, it will be necessary to batch all fiduciary bond applications separately using the new RDS batching document.

Filling Out The Order Form

1. Owner or First-Named Coowner

In addition to the owner's name, a social security number *must* be entered in the appropriate boxes or the order *will not* be processed. If the order is for a gift bond purchase and the intended owner's social security number is unknown, the purchaser's social security number should be used. No gift indicator will be inscribed on the bond.

2. Bonds To Be Delivered "Care Of"

If the bond is to be delivered to *someone other* than the individual shown as owner or first-named coowner, the "Care Of" section should be completed in full with the recipient's name. Although "Mail to" names will be inscribed on the bonds, no rights of ownership are conferred to the addressees, nor can they redeem the bonds. (See example on page 15.) If the recipient of the bond is the same as the owner or first-named coowner, this section should be left blank.

PDF 5263
Dept. of the Treasury
Bur. of the Public Debt
(Rev. June 1, 1989)

ORDER FOR SERIES EE U.S. SAVINGS BONDS

OMB No. 1535 0084
Expires 8-31-90

PLEASE FOLLOW THE INSTRUCTIONS ON THE BACK WHEN COMPLETING THIS PURCHASE ORDER.

1. **OWNER OR FIRST-NAMED COOWNER (Bonds registered to)**

   Name

   Soc. Sec. No. — —

2. **BONDS TO BE DELIVERED "CARE OF"** (Do not complete this section unless name is different from the owner or first-named coowner in section 1 above.)

   Mail to:

3. **ADDRESS WHERE BONDS ARE TO BE DELIVERED**

   (NUMBER AND STREET OR RURAL ROUTE)

   (CITY OR TOWN) (STATE) (ZIP CODE)

4. **COOWNER OR BENEFICIARY** Coownership will be assumed if neither block is checked (See #4 on back)
   The following person is to be named as coowner beneficiary:

   Name

5. **BONDS ORDERED**

Denom.	Quantity	Issue Price	Total Issue Price	FOR AGENT USE ONLY
$ 50		X $ 25.00	= $	
$ 75		X $ 37.50	= $	
$ 100		X $ 50.00	= $	
$ 200		X $ 100.00	= $	
$ 500		X $ 250.00	= $	
$ 1,000		X $ 500.00	= $	
$ 5,000		X $ 2,500.00	= $	
$ 10,000		X $ 5,000.00	= $	
TOTAL ISSUE PRICE OF PURCHASE			$	AFFIXED AGENT STAMP CERTIFIES THAT TOTAL AMOUNT OF PURCHASE IS CORRECT

6. **DATE PURCHASE ORDER AND PAYMENT PRESENTED TO AGENT**

   (MO.) (DAY) (YR.)

7. **SIGNATURE**

PURCHASER'S SIGNATURE

PURCHASER'S NAME, IF OTHER THAN OWNER OR FIRST-NAMED COOWNER (Please print)

( ) DAYTIME TELEPHONE NUMBER

STREET ADDRESS (If not shown above) CITY STATE ZIP CODE

The estimated average burden associated with this collection of information is 10 minutes per respondent or recordkeeper and varies from 10 to 30 minutes per response, depending on individual circumstances. Comments concerning the accuracy of this burden estimate and suggestions for reducing this burden should be directed to Bureau of the Public Debt, Forms Management Officer, Washington, DC 20239-1300 or the Office of Management and Budget, Paperwork Reduction Project (1535-0084), Washington, DC 20503

AGENT COPY

3. Address Where Bonds Are To Be Delivered

Delivery information must be completed in full. If a bond is to be delivered to an individual other than the owner or first-named coowner, that individual's address must be entered here.

4. Coowner Or Beneficiary

If a name is entered and neither box is checked, coownership should be assumed

5. Bonds Ordered

Agents are to verify that all of the required information is complete and accurate. Agents should verify for each denomination that the quantity multiplied by the issue price equals the amount shown in the total issue price column. The sum of the totals in this column should then equal the amount shown in the white box. Agents *must* verify that the payment received from the purchaser equals the total issue price of purchase indicated on the order form.

If the purchaser does not indicate the desired denomination, issue will be made with the fewest denominations that correspond with the total issue price appearing on the form. PLEASE NOTE that the amount appearing as "TOTAL ISSUE PRICE OF PURCHASE" is the dollar amount that the agent certifies when issuing receipt to the customer, and is the amount which, unless otherwise designated, determines the denomination of bond(s) to be issued.

6. Date Purchase Order and Payment Presented To Agent

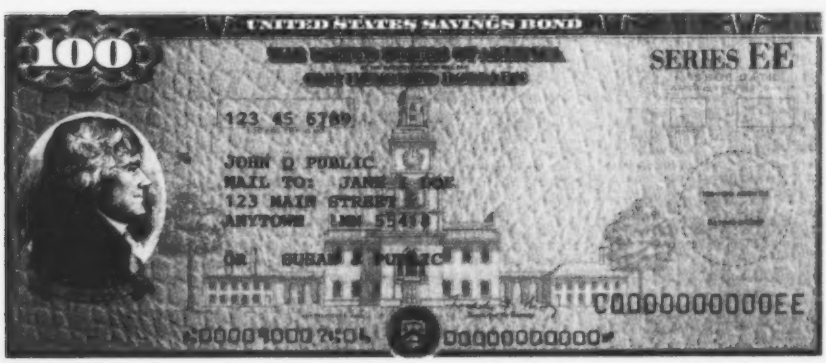
This date will establish the issue date (month and year) of the Bond. If a Savings Bond order form is held for a check to clear, the order form should be dated when the funds are available. The purchaser must be made aware that payments made by personal check may result in a later issue date due to delays in clearing checks. If the form completed by the customer contains an erroneous date, this date should be corrected by the agent and initialed by the customer. The date must be in month-day-year order.

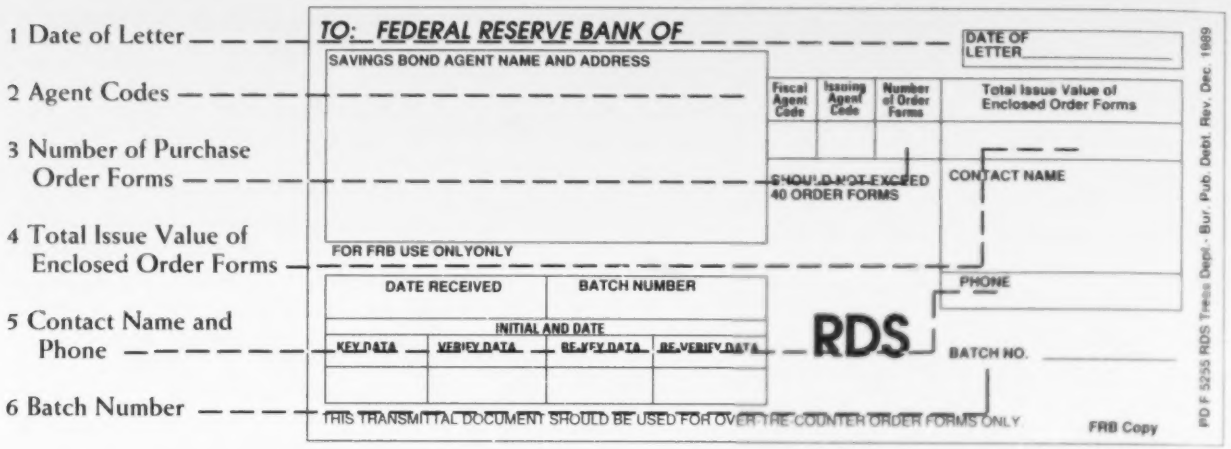
7. Signature

a. With the exception of "Bond-a-Month" purchases, the purchaser's signature should *always* be provided. In the case of "Bond-a-Month" purchases, please enter "Bond-a-Month" in the signature field.
b. Purchaser information should be provided when such data does not appear in the Bond registration.
c. Verify that the purchaser has signed the order form and provided a daytime phone number where he/she may be reached in the case of any discrepancy.

8. For Agent Use Only

Copies of the order form *must* be stamped in the designated area to validate the transaction. The stamp *must* provide sufficient information to readily identify the institution accepting the Savings Bond order form. If necessary, this area may be used for other agent information, eg., a branch code or teller station.




1 Date of Letter
2 Agent Codes
3 Number of Purchase Order Forms
4 Total Issue Value of Enclosed Order Forms
5 Contact Name and Phone
6 Batch Number
TO: FEDERAL RESERVE BANK OF
DATE OF LETTER
SAVINGS BOND AGENT NAME AND ADDRESS
Fiscal Agent Code
Issuing Agent Code
Number of Order Forms
Total Issue Value of Enclosed Order Forms
SHOULD NOT EXCEED 40 ORDER FORMS
CONTACT NAME
FOR FRB USE ONLYONLY
DATE RECEIVED
BATCH NUMBER
PHONE
INITIAL AND DATE
KEY DATA
VERIFY DATA
RE-VFY DATA
RE-VERIFY DATA
RDS
BATCH NO.
THIS TRANSMITTAL DOCUMENT SHOULD BE USED FOR OVER THE COUNTER ORDER FORMS ONLY
FRB Copy
PD F 5235 RDS Treas Dept - Bur. Pub. Debt. Rev. Dec. 1989

Batch Transmittal Information

Transmittal To FRB

Batched Savings Bond orders should be received by the Federal Reserve Bank within five working days after the recorded purchase order date. The recorded purchase order date ensures the purchaser of appropriate issue month dating. After the fifth business day, interest will be assessed on delayed funds and will continue to accrue until the batch is received by the Federal Reserve Bank. It is the responsibility of the agent to ensure batched Savings Bond orders are received by the FRB within the prescribed time period; the method of transmittal is left to the discretion of the agent.

1. Date Of Letter

This block should contain the date the batch was forwarded to the Federal Reserve Bank.

2. Agent Codes

Your agent code will be preprinted by the FRB.

3. Number Of Purchase Order Forms

The total number of purchase order forms in a batch must not exceed 40.

4. Total Issue Value Of Enclosed Order Forms

The agent should verify that the sum of the "Total Issue Price of Purchase" values indicated in Section 5 of the associated order forms equals the total issue value recorded on the batch transmittal.

5. Contact Name And Phone

Identify the person and telephone number to contact should further information be required.

6. Batch Number

To identify the number of batches sent in one day, enter the batch number, i.e., "1" for the first batch of the day and "2" when a second batch is required on the same day. There is no limit to the number of batches that can be submitted each day.

Agent Instructions

Forms Supply

Supplies of RDS forms can be obtained from the Federal Reserve Bank. Those forms include: "Order for Series EE U.S. Savings Bonds" (PD F 5263), "Batch Transmittals" (PD F 5255), "Gift Certificates" (PD F 5276), and RDS Mailing Labels.

Retention Of Records

Agents should retain their copies of the purchasers' order forms and associated batch transmittals for four months in case of a lost batch or discrepancy with order information.

Timely Processing

In order for purchasers to receive their Bonds in a timely manner, it is essential that the agents expedite their processing and forward the purchase order forms to the Federal Reserve Bank promptly. Purchasers should be reminded that Bonds will be received within 15 business days.

Customer Inquiries

Customer inquiries regarding RDS should be made through the issuing agent. Resolution of these situations will either be directly with the customer or through the issuing agent at the Federal Reserve Bank's discretion.

Fee Payment Information

Agents will be paid a fee of $0.50 per purchase order form. Agents submitting purchase order data in an automated format will be paid a fee of $0.85 per purchase order. The Federal Reserve Bank will credit fee payments on a monthly basis to the institution's reserve/correspondent account.

Late Remittance Interest Assessments

Failure of the institution to ensure that Savings Bond purchase order forms are received at the Federal Reserve Bank within five working days (i.e., purchase order date plus five business days) of the purchase order dates will result in interest assessments. The assessment will be calculated for each order and collected by reserve account debit on a monthly basis. If the total assessments for an institution for a given month are less than $25.00, they will be waived.

Questions

Inquiries concerning agent problems should be referred to your local Federal Reserve Bank RDS processing site.

Chapter 3

Savings Bond Stock

This chapter only applies to agents issuing Bonds for Payroll Savings Plans or to agents not yet converted to RDS.

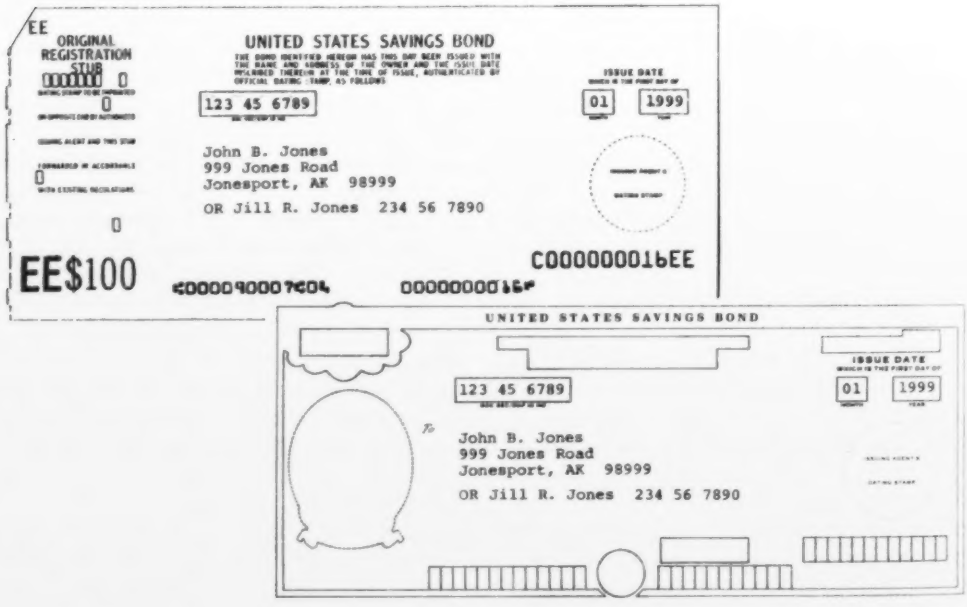
Assemblies

Bonds are manufactured in various arrangements—called "assemblies"—to permit the most efficient use of an issuing agent's equipment or system for inscribing names, addresses, and other pertinent data on Bonds.

An assembly usually consists of a Bond and original registration stub. Some of the assemblies also have interleaved carbon paper.

The *original registration stub* is used by the Treasury for establishing a record of sale. Where practical, an agent's magnetic tape may be used in lieu of stub records. (A *substitute* stub is obtainable, separately, from your Federal Reserve Bank or Branch if the original stub is lost, destroyed, or so mutilated that the data or Bond serial number cannot be read, or the stub cannot be processed mechanically. When using a substitute stub, be sure to show all data, including the serial number, exactly as it appears on the Bond.)

Each assembly type is designated by letter—for example, "Type C." A more detailed description will follow.



Requisitioning Bond Stock

Agents can get requisition forms and detailed instructions for obtaining supplies of Bond stock from the Federal Reserve Bank. Agents will be permitted to maintain stock consignment ceilings equivalent to a six-month supply of stock. These ceilings will be determined each January by their servicing Federal Reserve Bank, based on the previous six-month sales history, i.e., July through December.

In most Federal Reserve districts, issuing agents will receive monthly statements of stock account balances. For this reason, agents should maintain an accurate and current record of Bond stock by pieces, denomination, and Bond serial number. Agents will be asked to provide positive confirmation of stock levels to their FRB. Finally, a "no sales" report should be submitted to the FRB for any month in which no sales occur. For guidance on stock accountability and consignment accounting, agents should contact their FRB.

Custody and Responsibility for Bond Stock

Issuing agents are responsible for Bond stock consigned to them and, as a general rule, will be held accountable and liable for that stock. Agents should protect Bond stock to the utmost against loss or theft. The Savings Bond Operations Office suggests that Bond stock be stored in a safe or vault and that access be limited to authorized persons. Agents may wish to consider obtaining insurance or taking other protective measures to guard against the loss or theft of Bond stock; however, the Treasury will not reimburse agents for expenses incurred for such purposes. See Chapter 9 for procedures for filing claims for relief because of the loss, theft, or destruction of Bond stock.

Assembly Types

Below is a list of the new Series EE assembly types. Type M is printed on paper stock. The remaining assemblies are printed on punched card stock. The Treasury plans to convert all punched card assemblies to paper stock, with no further design change.

Type	Assembly Format	Developed for Inscription By
K	Bond and stub individually cut and assembled with interleaved carbon.	Typewriter.
L	Continuous form, Bond and stub, side-by-side. (Single or Three Fold)	High speed printers used in EDP systems.
M	Continuous form, two Bonds side-by-side.	High speed printers used in EDP systems.

Forms of Payment/Issue Date

Cash, Checks, and Savings Stamps

Acceptance of Cash and Checks

Issuing agents are required to accept cash in payment for the issue price of each Bond sold. They may accept checks at their own risk. However, if a check is accepted—

The Bond should not be released until adequate time has elapsed for collection of the check.

If the check is returned as uncollectible after the Bond is released, the agent should obtain payment for, or return of, the Bond.

If after two requests the agent fails to obtain payment on the Bond itself, its file—or a photocopy of it—should be sent to the Federal Reserve Bank or Branch. The FRB will attempt to collect the amount due or recover the Bond, or, if unsuccessful, submit the case to the Treasury Department.

If neither the Bond nor the amount due is recovered, the agent will be required to pay the issue price. If the agent so desires, the Department of the Treasury will enter an appropriate notation against the Bond's serial number and advise the agent of the facts should the Bond later be redeemed.

Checks Payable to the Department of the Treasury or a Federal Reserve Bank

Received by a bank qualified as a Special Depositary

Any bank that is an issuing agent and also a Special Depositary qualified under Treasury Department Circular No. 92 (current revision) which receives in payment for a Bond a check drawn on itself and payable to the order of the Department of the Treasury or a Federal Reserve Bank is authorized to endorse the check as follows:

Federal Reserve Bank of.....
Fiscal Agent of the United States, in payment for U.S. Government securities.

.....
(name of bank)

The bank may then issue the Bond. The bank may also process checks drawn on itself that name similar payees—for example, the Secretary of the Treasury, United States Treasury, or Treasury Department.

Received by other issuing agents, including banks not qualified as Special Depositaries.

Such issuing agents are not authorized to endorse checks made payable to the Department of the Treasury or a Federal Reserve Bank or similar payee. Checks drawn in this manner should be submitted by those agents, together with the Bond application form, to the FRB for issuance of the Bond.

Acceptance of Savings Stamps

Issuing agents must accept United States Savings Stamps offered in full or partial payment for Series EE Savings Bonds. Agents may accept Savings Stamps presented solely for cash payment, but are not required to do so.

Stamps will be redeemed for cash by Federal Reserve Banks or Branches and by the Savings Bond Operations Office, Parkersburg, WV 26106-1328. Savings Stamps are worth their face amounts.

Sale of Savings Stamps was discontinued after June 30, 1970.

Denominations - 10¢, 25¢, 50¢, $1.00, $5.00

Requirements for Redemption:

1. Stamps should be securely and separately affixed in the official Treasury album, available from Savings Bonds Division offices. (Agent, at its discretion, may accept cards or papers of comparable size, where no album is available, but loose stamps must not be presented.)

2. Stamps must not be marked or mutilated in such manner as to be of questionable value or identity, or to indicate previous cancellation. However, those that have been torn or partially burned may be approved for redemption provided clearly more than one-half of the same stamp remains, and its identity and denomination can be established. In doubtful cases, agent should submit Stamps to Federal Reserve Bank or Savings Bond Operations Office, Parkersburg, WV 26106-1328, for final decision.

Cash, Checks, and Savings Stamps
(continued)

3. It is desirable, but not mandatory, that the albums contain only stamps of the same denomination.

4. The owner's name and address should appear on the album if possible, but this is not mandatory.

Canceling

When an agent accepts stamps, it should cancel them immediately—to prevent their presentation a second time—without obliterating the identity or denominational value of the stamps. The manner of cancellation is left to the agent's discretion. (A simple rubber stamp can be made that will cancel in one impression all Savings Stamps on an album page. Such a stamp should have six vertical lines, each 5-1/2 inches long and about 1/16 of an inch wide, spaced 3/8 of an inch apart. A non-washable black ink should be used.)

Notations on album covers

On the outside front cover of each album—or on the back, if necessary—the agent should note (1) the total value of the stamps in the album that were paid by the agent and (2) the agent's name and location. If the agent is a paying agent for Bonds, it may use its Bond payment stamps for this purpose. The agent may, if it wishes, require the album holder to write his or her name and address on the cover.

Send albums to Federal Reserve Bank

Agents may send—at the expense of the United States—canceled paid stamps in albums (with notations as prescribed above) to the FRB (1) with Series EE Bond stubs as payment (in whole or in part) at the time of a regular accounting for Series EE Bond sales, or (2) as a separate transmittal. These shipments should be made in accordance with instructions furnished by the FRB. An adding-machine tape, or other listing, showing the value of each album and the total value for all albums in the shipment, should be attached to the package of albums.

Adjustment of errors in albums

The FRB will notify the agent of any discrepancies that may be found in albums submitted by the agent. If an album was overpaid, the album will be returned to the agent for reference to the album owner and, of course, the full amount of the album will be charged back. The agent may resubmit the album at its correct value.

Issue Date

General

A Bond's issue date is the first day of the month in which payment is received by the issuing agent.

Payroll Savings Plan Purchases

Employer is also the Issuing Agent
In this situation, the issue date of a Bond shall be the first day of the month in which the employee's deductions accumulate to the full purchase price of the Bond to be issued to him or her. See page 24 for appropriate accounting instructions.

Employer is not the Issuing Agent
In this situation, the issue date shall be the first day of the month in which the purchase price is received by the issuing agent. See page 24 for appropriate accounting instructions.

It sometimes happens that employees complete the purchase price of their Bonds at or near a month end—say July—but the employer doesn't get the payment and Bond registration data to the issuing agent until the following month—August. In this circumstance, the Bonds are entitled only to an August 1 issue date. The July 1 issue date for these Bonds may be granted, however, *if* the employer will arrange to deliver the purchase price for these employees' bonds to the issuing agent in the month the employees completed payment—July, in our example—even though the Bond registration data cannot be submitted until the next month. An adjustment of the amount paid may be made, if necessary, when the Bond regis-

Issue Date
(continued)

tration data is supplied. If such adjustment requires additional payment by the employer, it may be accepted without jeopardizing the prior month issue date—July, in our example—for the additional Bonds involved.

The employer will be expected to supply the Bond registration data, and the issuing agent to account for the Bonds involved, as soon as practical in the succeeding month (August, in our example).

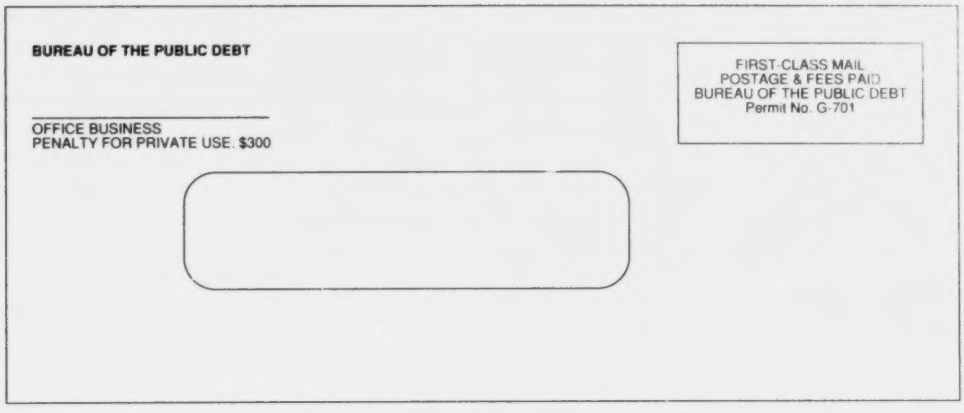
Purchases at End of Month

Misunderstandings sometimes arise as to the correct issue date to be given a Bond. One of these takes place when Bonds are purchased during evening hours on the last day of a month, from a bank offering this added service. If it is the practice of a bank to treat services provided in the evening hours or weekends as next business days' transactions then Savings Bonds sales transactions also may be treated in the same manner. For example, banks using the next business day as the accounting date for all evening or weekend business transactions can request that a customer submitting a Savings Bond application on Saturday July 31 change the payment date received on the application to August 1. The customer should initial the change and in this example be advised that the Bond issue date will be August 1.

Delivery/Accounting/Shipment/ Insurance

Certain sections in this chapter apply only to agents issuing Bonds for Payroll Savings Plans or to agents not yet converted to RDS.

Delivery Instructions



Delivery of Bonds on Original Issue

Bonds should be personally delivered on original issue, if practical. Where personal delivery is not practical, the Bond may be delivered by ordinary mail (as prescribed below), at the risk and expense of the United States, if made to an address in the United States or its possessions, the Commonwealth of Puerto Rico, or to APO and FPO addresses. Bonds may not be shipped on original issue at the risk and expense of the United States to foreign addresses. Securities may be mailed to residents of Canada and Mexico who participate in Payroll Savings Plans of companies located in the United States.

Special Envelope Provided for Mailing Bonds

Shipments of Bonds authorized to be made at the risk and expense of the United States may be made in a special envelope supplied to issuing agents—except agents of the Federal Government—by Federal Reserve Banks and Branches. Agents should requisition these special envelopes from their FRB.

An accurate accounting of envelopes on hand and mailed must be reported to your FRB on a quarterly basis. Spoiled envelopes must be returned to your FRB to permit cancellation of postal charges and must be reported to your FRB every quarter.

Use of Special Envelope

Return Address

Each agent shall make certain before using a special envelope that its return address is printed, typed, or stamped in the appropriate space in the upper left corner of the envelope.

Many Bonds are sent to the Treasury each day by the Postal Service because the Bond cannot be delivered at the address shown and because the issuing agent's return address is not on the envelope.

Your cooperation in having your return address on all envelopes will help eliminate this problem, which causes unnecessary expense to the Treasury and unnecessary delay in effecting delivery to the Bond owner.

Restrictions on Enclosures with Bonds

No material shall be enclosed with Bonds mailed in special envelopes unless it relates directly to the Bond or its purchase. Agents are not required to send transmittal letters (as enclosures or otherwise) or obtain receipts for Bonds mailed in these envelopes.

Dispatching Special Envelopes

The envelopes should be securely sealed and then deposited at the local post office or with an authorized postal employee. Ordinary mail should be used. No postage fees should be paid by the issuing agent since these are paid directly by the

Delivery Instructions
(continued)

Treasury to the Postal Service under a contractual arrangement. Agents should order permit envelopes (minimum 200 per order) from the Postal Service, using a Form PS 3602. If less than 200 envelopes are needed at one time, alternate arrangements should be made through your servicing FRB.

Bonds Returned as Undeliverable

Every reasonable effort should be made to effect delivery of a Bond returned as undeliverable, using the facilities of the purchaser's employer if the Bond is one bought through a Payroll Savings Plan. If such effort fails to effect delivery, the undeliverable Bond shall—three months after issue—be forwarded to the FRB in accordance with its instructions. (These instructions do not apply to issuing agents of the Federal Government who have been authorized to process their undeliverable Bonds in a different manner.)

Bonds Lost or Stolen Before Receipt by Addressee

This subject is covered in Chapter Nine.

Stock Accounting Controls

Each Federal Reserve Bank or Branch has established a system to record and control the inventory of Bond stock consigned to each issuing agent in the district. Within Treasury guidelines, each FRB will evaluate agents' requirements and establish individual consignment ceilings commensurate with each agent's needs. Generally, agents will be permitted to maintain stock consignment ceilings equivalent to a six-month supply of stock. In certain cases, low volume agents may be permitted to operate with a ceiling up to $30,000 face value. These ceilings will be determined annually in January based on the preceding six-month sales history. On a case-by-case basis, an agent's calculated ceiling may be modified at any time during the year under justifiable circumstances or for special situations. Agents may also determine the mix of Bond denominations which will best serve their needs.

On a monthly basis, the FRB will send each agent a consignment account statement, unless reconciliation is done each time an issue record transmittal is received. Agents should reconcile their monthly statements promptly and advise the FRB of any discrepancies. At least once each calendar year, agents will be required to positively confirm their stock balances shown on appropriate monthly account statements. Lastly, agents which have not sold Bonds during a calendar month are required to submit a "No Sale Report" (Form PD 3252) to the FRB.

Accounting for Registration Records and Sales Proceeds

Agents shall comply with instructions issued by the FRB as to when to account for Bond sales and Bond stock. The manner of accounting depends to some extent on the basis upon which the agent obtains its Bond Stock. Accordingly, the following instructions are provided in the broadest of terms. Where insufficient stock is on hand to complete Bond orders or where issuance is delayed for any reason, sales proceeds should be forwarded to the servicing FRB according to the appropriate schedule discussed below.

The original registration stub for each Bond sold over-the-counter, by mail, or in a Bond-A-Month Plan, together with the purchase price, should be submitted to the FRB under cover of the appropriate version of the transmittal letter, Form PD 3252. This version bears a bold face "OC" in the center of the form and a green stripe along the top. Each agent that issues over-the-counter Bonds must account for such sales and transmit payment for them on a weekly or monthly basis, on a schedule established by the FRB.

The original registration stub for each Bond sold on the basis of deductions under a Payroll Savings Plan operated by a financial institution or its customer should be submitted to the FRB under cover of the payroll version of the transmittal letter, Form PD 3252. This version bears a boldface "PR" in the center of the form and a red stripe along the top. The remittance schedule for Bonds issued under Payroll Savings Plans is as follows:

1. If Bonds are inscribed for issue during the month shown on the issue date, the proceeds must be remitted no later than

Accounting for Registration Records and Sales Proceeds

(continued)

two business days after the validation date; or,

2. If Bonds are inscribed for issue after the month shown in the issue date (i.e., the month in the validation date is later than the month in the issue date), the proceeds must be remitted no later than the second business day of the month following the month shown in the issue date.

All remittances of payroll sales proceeds must be made under cover of an Advice of Credit, Form PD 4848, whether the sales proceeds, and individual sales records, are transmitted together or separately. In any event, payroll sales records must be sent to the FRB in time to be forwarded to the Treasury no later than the second month following the month of issue. Separate Forms PD 4848 must be completed for each month of issue.

Failure to submit sales proceeds on time may result in an interest charge on the late funds. The Interest Assessment System is designed to calculate and recoup from agents the value of the funds unavailable to the Treasury, i.e., the interest that would have been earned on those funds had they been submitted on time. If an interest assessment is in order for either payroll or over-the-counter sales, the Treasury will refer it to the FRB for collection. If an agent wishes to request a waiver or adjustment of an assessment, such requests should be referred to the FRB.

The Treasury encourages agent participation in the Issues-on-Tape (IOT) Program, which provides for the submission of sales records on magnetic tape as an alternative to punch card registration stubs.

For details about this program, which may become mandatory, please contact the Savings Bond Operations Office, Management Analysis Branch, IOT Program Committee, 200 Third Street, Parkersburg, WV 26106-1328 (Telephone: (304) 420-6541). If an agent does not want to issue on tape their Federal Reserve Bank can perform this function.

Shipment/ Insurance Instructions

Portions of this section referring to redeemed Bonds do not apply to agents already participating in EZ CLEAR (see chapter 6).

Preparation of Shipments

Series EE registration stubs are to be shipped in batches of not more than 6,000 pieces or $900,000 in issue price. Each stub in the batch should show the same month and year of issue. Over-the-counter and payroll sales should be batched separately under cover of Form PD 3252 "OC" or "PR." Each batch should be free of all extraneous materials (calculators tapes, paper clips, staples, rubber bands, etc.). Redeemed securities should be shipped in batches of not more than 300 pieces. Series A-E paper Bonds should be batched separately from Series E and EE punched card Bonds, redesigned Series EE paper Bonds, and Savings Notes. All items within a batch must reflect the same redemption date (month and year). Bonds redeemed in exchange for Series HH Bonds should be batched separately from those redeemed for cash. Batches of retired securities must be shipped under cover of Form PD 2639, and should be free of any extraneous materials.

Methods of Shipment

Instructions covering the method of shipment for shipping Bonds on original issue by an issuing agent at the risk of the United States are found at the beginning of this chapter. Instructions covering the shipment of other items authorized to be made at the risk of the United States by an issuing agent to an FRB are outlined in the following table.

Shipment/ Insurance Instructions
(continued)

Item	Method of Shipment	Payment Allowed*
Unissued stock	1st-class or priority, registered mail or authorized armored carrier	Postage plus registry fee or carrier contract charge
Issued (inscribed) securities	1st-class mail	Postage
Spoiled or canceled unissued stock	1st-class mail	Postage
Registration stubs	4th-class mail	Postage
Paid securities	4th-class mail	None
Savings Stamps	1st-class, registered mail	Postage plus registry fee

** All shipments are covered by the Government Losses in Shipment Act. The covering postal manifest for mail shipments may indicate the value of the contents for security handling only, not for insurance or liability purposes.*

If, in an agent's opinion, any of these shipments should be made other than as directed above, the matter should be referred to the FRB for a decision. (Approval already obtained shall, of course, continue in effect.)

Payment of and Reimbursement for Postal Charges

In connection with shipments made under the provisions of the table in the preceding paragraph, the issuing agent shall pay the required first- and fourth-class postage fees. Reimbursement for such fees may be obtained from the FRB. When registered mail service is requested (see table) the agent shall not pay the required registry fees; these fees are paid by the Treasury directly to the Postal Service. (As stated earlier, no payment of postage by an issuing agent is required when an authorized shipment of a Bond on original issue is made in the special envelope provided for such purpose.)

Insurance of Shipments

The provisions of the Government Losses in Shipment Act (40 USC 722), and regulations issued pursuant thereto, apply to shipments authorized to be made by issuing agents at the risk of the U.S., as identified above. The regulations governing these shipments are those issued by the FRB and the instructions outlined above under the heading "Method of Shipment." The regulations also provide that two persons should be witnesses as to the contents, packaging, and dispatch of the shipment. Where this provision is impractical, such dual witnessing may be dispensed with if basic records are maintained that will establish the exact extent of the loss should the shipment be lost, stolen, destroyed, or mutilated. Issuing agents need take no action to obtain insurance covering authorized shipments they make in the capacity of an issuing agent, if they comply with the foregoing.

The EZ CLEAR Program (also known as the High-Speed Savings Bond Program) was designed to allow use of the existing Check Collection system to process redeemed United States Savings Bonds and Savings Notes and should be implemented by redemption agents no later then February 1, 1991.

Eligible Savings Bonds

All United States Savings Bonds that agents are currently authorized to redeem are eligible for EZ CLEAR. This includes E/EE Savings Bonds and Savings Notes, and also the older A-E Series half and full size "paper" Savings Bonds. All of these Savings Bonds may be commingled in an EZ CLEAR deposit, i.e. there is no need to separate A-E paper from the E/EE card style bonds. However, the large (8 x 7 inches) paper bonds may be deposited "as is" (i.e., encode directly on the bond), stripped and encoded, or placed in a document carrier.

Please note that current teller procedures will remain unchanged, including determining the redemption amount, affixing the paid stamp, and any related interest reporting.

Savings Bonds redeemed in exchange (for Series HH) may also be commingled in an EZ CLEAR deposit. All current Treasury procedures for exchanges remain unchanged, i.e., completing the Exchange Subscription (PD F 3253) and accepting payment (if any) of additional funds, except the Savings Bonds may now be included in your EZ CLEAR deposit. The Exchange subscription and any additional funds must continue to be sent to your servicing Federal Reserve Fiscal/ Securities Department.

Depositing Savings Bonds

There are two deposit methods available in the EZ CLEAR Program. Savings Bonds may be commingled in a normal Check (mixed) cash letter, or sorted into a separately sorted (fine sort) Check cash letter for deposit.

As with commercial check deposits, separately sorted cash letters should indicate the financial institution's name, nine-digit Routing/Transit number, dollar amount and item count of the cash letter, and should be accompanied by "detail" or tape listings of the items being deposited. The current Treasury Form PD 2639 redemption letter should not be used for Savings Bonds deposited in this Program.

Depositing Savings Bonds

(continued)

	MIXED C/L (commingled with commercial check items)	SEPARATELY SORTED C/L (fine sort —only contains Savings Bonds)
Teller Requirements:	Same as current.	Same as current.
Encoding Required:*	Routing/Transit number (0000-9000-7) & redeemed amount.	Redeemed amount only. Routing/ Transit number optional.
Deposit Deadline:	Local FRB Office "mixed" Check deposit deadline.	Local FRB Office Fiscal deposit deadline. If none, 12:00 noon M-F.
Funds Availability.	Same day (immediate).	Same day (immediate).
Processing Charge:	Local FRB Office "mixed" POMO/Govt per item fee.	No processing charge.
Redemption Fees:	No redemption fees will be paid for bonds deposited in a mixed C/L.	The PAID BOND redemption fee will be paid for all bonds deposited in a separately sorted C/L.
Deposit Options:**	Directly to local FRB Office, or through normal correspondent/ respondent check arrangements.	Directly to local FRB Office, or through normal correspondent/ respondent check arrangements.

* Any extra encoding agents may require for internal control purposes may be done in the Auxiliary On-Us field. Encoding in the Transaction Code (TC) and the Account Number (A/N) fields is strictly prohibited. Also prohibited is encoding a Routing/Transit number other than 0000-9000-7 in the Routing/Transit field.

** Prior to depositing Savings Bonds with a correspondent, verify that they are willing to accept these items. Also note that neither the Treasury nor the Central Processing Site will be responsible for forwarding redemption fees to institutions other than those depositing a separately sorted cash letter directly with their local Federal Reserve Bank, Branch, or RCPC. Therefore, please clarify with your correspondent if and how you will receive redemption fees from them.

Reject Repair Options

To repair Savings Bonds rejects, any of the following three options may be used:

1. Strip the Bond and encode the strip.

2. Place the Bond in a document carrier and encode the carrier.*

3. Use encoding eraser fluid and re-encode the Bond.

Correction tabs (labels) may not be used on any field.

*If using document carriers, do not staple or tape the Savings Bonds to the carrier. If document carriers have a pressure sensitive adhesive strip do not remove the protective covering which exposes the adhesive, as the Savings Bonds may be torn or otherwise mutilated when removed from the carrier.

Adjustments

All EZ CLEAR Adjustments (i.e., miscoded, mispriced, listing errors, etc.) will be handled through normal Check Adjustment channels. Sufficient reference information (i.e., photocopy, cash letter and tape totals, listed between amounts, etc.) will be provided with each adjustment.

If agents choose to deposit Savings Bonds in a mixed cash letter, they should contact their local Federal Reserve Bank Check Adjustment department with questions regarding adjustments. If a separately sorted cash letter is chosen, agents may contact the Central Processing Site Adjustment Coordinator with questions regarding adjustments between the hours of 7:30 a.m. and 4:30 p.m. EST at 1-800-541-5265.

Facsimiles

If a debit entry for a Savings Bond which was "listed, not enclosed" in your Savings Bond cash letter is received, and the item is subsequently found to be lost or destroyed, the normal check procedures for submitting facsimiles (photocopies) to regain credit may be used. However, agents must use the following indemnification statement in lieu of the current commercial check indemnification.

" This is a photographic facsimile of the original United States Savings Bond, serial number , which was endorsed by the undersigned and reported missing or destroyed while in the regular hours of bank collection. The undersigned guarantees the validity of this facsimile and all prior or any missing endorsements and agrees to be bound by the regulations contained in Treasury Circular No. 750, Fourth Revision (31 CFR Part 321), for any loss sustained by the Treasury or an endorsing bank in honoring this facsimile."

This indemnification must be signed by an official of the depositing financial institution.

Ensure that the facsimile (photocopy) of the Savings Bond (front and back) is endorsed with a current endorsement of your institution, and is accompanied by a copy of the original Federal Reserve debit advice, along with any applicable reference data, i.e., copy of original cash letter, control totals, sequence numbers, etc. If no debit advice exists because the original item was lost "internally" (e.g., between a branch and an operations center), include a statement to that effect with your correspondence.

Mixed depositors should send these items to their local Federal Reserve Check Adjustment department. Separately sorted depositors to the Pittsburgh Branch, Federal Reserve Bank of Cleveland, P.O. Box 867, Pittsburgh, PA 15230-0867, ATTN: EZ CLEAR ADJUSTMENTS.

Redemption Fee Payments

Agents will receive the applicable redemption fee for every eligible Savings Bond deposited in a **separately sorted** cash letter at their local Federal Reserve Office. These fees will be paid monthly by the Central Processing Site to each Financial Institution (not to each paying agent or branch office).

It is important that agents designate on their EZ CLEAR Enrollment Form an internal account number at their institution or at their correspondent's institution for their redemption fees to be credited.

Redemption fees will be paid by issuing an Automated Clearing House (ACH) credit to this account number. The ACH payment will be a "demand credit," and will use a PPD (Prearranged Payments or Deposits) format accompanied by an 05 Addendum record. The payment will be effective on the last business day of each month, for fees earned during the prior month.

Before the first ACH payment is received agents will be asked to verify the information provided on their enrollment form and an ACH pre-notification will be functioned to the account number provided.

Inquiries regarding redemption fees should be directed to the Central Processing Site between 7:30 a.m. and 4:30 p.m. EST at 1-800-541-5265.

Correcting Errors Made When Issuing Bonds

Bonds issued under the Regional Delivery System should be returned to the issuing FRB to correct errors.

The term "errors" used here refers to—

- Incorrect inscriptions
- Unauthorized forms of registration
- Issue of wrong denomination
- Incorrect issue or validating stamp
- Duplications.

Do not—under any circumstances—correct an error by an erasure or strikeover.

All data inscribed on each Bond and its companion stub must be exactly the same. This is essential if questions or doubts are to be avoided when the Treasury reviews its permanent record—a microfilm image made (1) from the original stub submitted when the issued Bond is accounted for, and (2) from the Bond itself when received in connection with its payment or retirement for any other reason.

Error Found While Both Bond and Stub are in Issuing Agent's Possession

If an error is discovered while both the Bond and original registration stub are in the issuing agent's possession, the agent should correct the error by—

- Processing the erroneously prepared Bond and original registration stub as "Spoiled in Issue," in accordance with instructions issued by your Federal Reserve Bank or Branch; and
- Issuing another bond with the correct data and using the new Bond's original registration stub to account for the sale. (Note: If the only error is in the calendar day of issue in the impression of the agent's validating stamp, a correction will not be required. If, however, the error is in the calendar month or year, a correction will be required.)

Error Found After Stub is Sent to Federal Reserve Bank

If an error is discovered *after* the issuing agent has sent the original registration stub to the FRB to account for the Bond sale, the error must be corrected by the FRB. The Bond *must* be sent to the FRB, accompanied by appropriate supporting evidence, according to cause of error, as follows—

- If error was made by issuing agent—a letter signed by an executive officer or other responsible employee of the issuing agent, stating briefly but accurately (1) the nature of the error, (2) how it occurred, and (3) the correct information based on its records. (Note: Some Federal Reserve Banks may provide their own forms for submission in these cases.)
- If error was made by purchaser—that is, the person whose funds were used—and (1) the error affects the purchaser only, a Form PD F 4000, completed by the purchaser and certified; or (2) the error affects person(s) other than the purchaser, a Form PD 1849, completed by any person whose name would be eliminated or whose interest would appear to be adversely affected, and a PD F 4000, completed by the purchaser—both forms to be certified.
- If error is due to incorrect data being given by employer in purchasing Bonds for an employee under the Payroll Savings Plan, or as a gift, prize, or bonus—a letter signed by an executive officer or other responsible official of the employer, stating briefly but accurately (1) the nature of the error, (2) how it occurred, and (3) the correct information. A Form PD 1849 also may be required if it appears any person's interest would be adversely affected.
- If a Bond is erroneously purchased by an employer for the wrong employee under the Payroll Savings Plan—(1) Before any deductions have been accumulated to cover the issue price, follow the procedure outlined in the preceding paragraph; or (2) before all of the issue price is accumulated, a Form PD 1849, executed by the employee—whether sole owner or coowner—acknowledging receipt of the payroll balance due him or her, if any, and that the employer is entitled to the issue price of the Bond. In this instance, the Form PD 1849 need not be certified.
- If the Bond is issued under a Bond-A-Month Plan after customer's authorization to purchase is terminated by death—A letter signed by an executive officer or other responsible employee of issuing agent, showing (1) date account was charged, (2) date Bond was inscribed, (3) date of purchaser's death and when such death first became known to issuing agent, and (4) request for refund of purchase price.

Chapter 8

Reissue Transactions

The term "reissue"—as used in this chapter—means those transactions where, under Treasury regulations, a person may change the name(s) or form of registration on his or her Savings Bond(s). It does not refer to correction of errors of name(s) or forms of registration—these transactions are covered in Chapter Seven.

Bonds should not be *redeemed* when the owner wants to change a name or the form of registration and such change is permitted under Treasury regulations.

When a Bond is reissued the issue date of the new Bond will be that of the old Bond.

In the course of authorized reissue, two or more Bonds of the same issue date may be reissued in a higher denomination; similarly, a higher-denomination Bond may be reissued in lower denominations. However, *no reissue* will be allowed *just to exchange* Bonds for lower or higher denominations.

In reissue transactions involving Bonds in coownership form, a coowner may be designated the principal coowner for federal tax purposes. The *principal coowner* is the coowner who (1) purchased the securities with his or her own funds or (2) received them as a gift, legacy, or inheritance, or as a result of judicial proceedings and had them reissued in coownership form, provided he or she received no contribution in any manner from the other coowner for being so designated.

The interest reporting requirements of the Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA) will apply to reissue transactions which are "taxable events." A reissue is considered to be a taxable event if the name of a *living* owner, principal coowner, surviving beneficiary, or other person entitled is not to appear on the reissued Bond as owner or coowner. FRBs will handle the actual interest reporting to the affected Bond owner and the Internal Revenue Service.

In reissues of Series H/HH bonds, when the name of the owner or first-named coowner shown on the new Bonds differs from that shown on the original Bonds, the new owner or first-named coowner must complete Form W-9 to certify the correctness of his or her taxpayer identification number (Social Security number) and that he or she is not subject to backup withholding imposed by the Interest and Dividend Tax Compliance Act of 1983 (IDTCA).

Table of Authorized Reissue Transactions

The accompanying table is intended to cover those authorized reissue transactions that occur more frequently. Your Federal Reserve Bank or Branch should be consulted in situations not covered in the table.

How to use the table

To find the type of reissue presented—The first column of the table is your key for finding how to handle the case you have at hand. First, check the old Bond. If it is registered in one name, look under Section A of the table until you find the owner's reason for seeking a reissue; if the Bond is in two names as coowners, look under Section B and if the Bond is in two names, in beneficiary form, look under Section C.

Use of PD Forms specified in second column of table—A separate form should be used if the new Bonds are to be issued in different forms of registration. For example, if the new Bonds are to be issued in part "A" or "B" and the remainder "A" or "C," then a separate form is needed for each specific registration.

Where to send forms, Bonds, supporting documents—After the required form is completed and duly certified, it should be sent with the Bonds—together with any other required data (see third column of table)—to your FRB.

Table of Authorized Reissue Transactions *(continued)*

Reason for Reissue	Form Required	Other Documents Required
Check type of registration on Bond; Consult appropriate Section A, B, or C; and Under appropriate section, the reason for reissue.	Read instructions on back of form for guidance.	Other evidence may be required in specific circumstances and under local statutory requirements.

A. Bond is in One Name (Single Ownership)

Reason for Reissue	Form Required	Other Documents Required
1. **Owner desires:** (a) to add coowner.	**PD F 4000**—to be signed by owner.	None.
(b) to add a beneficiary.	**PD F 4000**—to be signed by owner.	None.
(c) to name another as owner, alone or with a coowner or beneficiary. (New owner must be related to previous owner by blood, including legal adoption, or marriage; or the new owner and the previous owner must be parties to divorce or annulment.)	**PD 3360**—to be signed by owner. This transaction is a taxable event and is subject to interest reporting.	If series H/HH Bonds are involved, the new owner or first-named coowner must complete Form W-9.
(d) to designate trustee of a personal trust estate.	**PD 1851**	None for forms bearing a 3/86 or later revision date. For forms issued prior to 3/86 an addendum available from SBOO may be required to determine whether the reissue is a taxable event. If Series H/HH Bonds are involved, the individual whose Social Security number is furnished on Form PD 1851 must complete Form W-9. If an Estate Identification number has been assigned to the trust, the trustee should complete Form W-9.

Reason for Reissue	Form Required	Other Documents Required
(e) to correct error in registration.	**PD F 4000**--by purchaser or claimant. If error made by issuing agent, letter on letterhead by authorized employee or officer explaining error and giving correct information.	Ordinarily none; depends on nature of error.
2. Owner's name is to be changed due to:		
(a) marriage (ordinarily, reissue for such a change is unnecessary).	**PD F 4000**—owner to sign both present and former names in the spaces designated for that purpose	None.
(b) divorce or annulment of a marriage.	**PD F 4000**--owner to sign both present and former names and to complete a statement on the form certifying the manner in which the change occurred.	Ordinarily, none.
(c) order of court.	**PD F 4000**—owner to sign both present and former names and to complete a statement on the form certifying the manner in which the change occurred.	Ordinarily, none.
3. Deceased owner's Bonds to be reissued to person(s) entitled:		
(a) Estate being administered in court—		
(1) Face amount $1,000 or less.	**PD F 2488-1**—signed by executor or administrator; and **PD F 4000**—by person entitled.	None.

Reason for Reissue	Form Required	Other Documents Required
(2) Face amount in excess of $1,000.	**PD 1455**—signed by executor or administrator. (Also **PD F 4000** if person entitled desires to add a coowner or beneficiary.)	Copy of representative's letter of appointment, or court certificate; must be under seal of court, with certification that the appointment is in full force and effect, and should be dated within six months of the date of presentation of the Bonds for reissue, unless the evidence shows that the appointment was made within one year immediately prior to such presentation. If Series H/HH Bonds are involved, the new owner or first-named coowner must complete Form W-9. If a PD F 4000 is being used there is no need to complete an additional Form W-9 as long as the signer is also the owner or first-named coowner on the reissued Bonds.
(b) After settlement of estate through court proceedings—		
(1) Face amount $1,000 or less.	**PD 2458**—by the former legal representative or attorney for the estate and **PD F 4000**— by the person entitled.	None
(2) Face amount in excess of $1,000	**PD F 4000**— by the person entitled.	Certified copy of final account or decree of distribution showing entitlement. If Series H/HH Bonds are involved, the new owner must complete Form W-9. If a PD F 4000 is being used there is no need to complete an additional Form W-9 as long as the signer is also the owner or first—named coowner on the reissued Bonds.
(c) Estate being settled without administration—		
(1) Face amount $1,000 or less.	**PD 1946**—Follow instructions on form, it is to be signed by all persons entitled to share.	Certified copy of the decedent's will if the face amount of Bonds exceeds $500. If Series H/HH Bonds are involved, the new owner or first-named coowner must complete Form W-9.
(2) Face amount in excess of $1,000	**PD F 1946-1**—Follow instructions on form, it is to be signed by all persons entitled to share.	Death certificate, certified by the Registrar of Vital Statistics or other officer in charge of the records, certified copy of decedent's will. If Series H/HH Bonds are involved, the new owner or first-named coowner must complete Form W-9.

	Reason for Reissue	Form Required	Other Documents Required
B. Bond is in Coownership Form	**1. One coowner dies and survivor desires reissue in his or her name:** (a) alone, or (b) with another person as coowner or beneficiary.	**PD F 4000**—to be signed by survivor.	Copy of death certificate of deceased, certified under seal of Registrar of Vital Statistics or other officer in charge of records.
	2. *Marriage* of one of coowners, or if coowners are *divorced* or *legally separated* from each other, or their *marriage is annulled*, after issue of the Bond(s), reissue may be made in the name of one of the coowners: (a) alone, or	**PD 1938***—to be signed by the coowner whose name is being eliminated.	If Series H/HH Bonds are involved, the new owner or first-named coowner must complete Form W-9.
	(b) with another person as coowner or beneficiary.	**PD 1938***—to be signed by both coowners named on the original Bond.	If Series H/HH Bonds are involved, the new owner or first-named coowner must complete Form W-9.
	3. Coowners desire that Bond be reissued in the name of: (a) either coowner, alone or with a new coowner or beneficiary; or	**PD 1938***—Original coowners must be related by blood (including legal adoption) or marriage; both coowners must sign if new coowner or beneficiary is desired. Only the coowner whose name is being eliminated need sign if no new coowner or beneficiary is desired.	If Series H/HH Bonds are involved, the new owner or first-named coowner must complete Form W-9.
	(b) a third person, alone or with one of orginal coowners as new coowner or beneficiary.	**PD 1938***—New owner must be related to either original coowner by blood (including legal adoption) or marriage. Both original coowners must sign.	If Series H/HH Bonds are involved, the new owner or first-named coowner must complete Form W-9.

	Reason for Reissue	Form Required	Other Documents Required
	4. Where name(s) of coowner(s) is/are changed due to:		
	(a) marriage (ordinarily reissue for such a change is unnecessary) .	See A,2(a). (To be signed by person whose name has changed)	None.
	(b) divorce or annulment.	See A,2(b). (To be signed by person whose name has changed.)	See A,2(b).
	(c) order of court.	See A,2(c). (To be signed by person whose name has changed.)	See A,2(c).
	*If the name of a *living* principal coowner is not to be shown as owner or coowner on the new securities, the transaction is a taxable event and is subject to interest reporting.		
C. Bond in Beneficiary Form	**1. Owner desires:** (a) to change beneficiary to coowner	**PD F 4000**—to be signed by owner.	None.
	(b) to eliminate living beneficiary, or to name another as beneficiary or coowner during the current beneficiary's lifetime.	**PD F 4000**—to be signed by owner, and, if Bond is Series E/H or Savings Note, by beneficiary. Beneficiary's consent unnecessary for Series EE/HH.	None.
	(c) to eliminate a deceased beneficiary, with Bond to be issued in owner's name, alone or with a new coowner or beneficiary.	**PD F 4000**—to be signed by owner.	None for Series EE/HH. For Series E/H or Savings Notes, copy of death certificate for beneficiary, certified under seal of Registrar of Vital Statistics or other officer in charge of official records.

	Reason for Reissue	Form Required	Other Documents Required
	2. On death of owner, beneficiary desires reissue in his or her name, alone or with a coowner or beneficiary.	**PD F 4000**—to be signed by beneficiary	Copy of death certificate for owner, certified under seal of Registrar of Vital Statistics or other officer in charge of official records.
	3. Where name is changed due to:		
	(a) marriage (ordinarily, reissue for such a change is unnecessary).	See A,2(a). (To be signed by person whose name is changed.)	None
	(b) divorce or annulment.	See A,2(b). (To be signed by person whose name is changed.)	See A,2(c).
	(c) order of court.	See A,2(c). (To be signed by person whose name is changed.)	See A,2(c).
D. Bond in Coowner or Beneficiary Form	**1. All persons living:** Coowner wishes to: (a) Designate trustee of a personal trust estate.	**PD 1851**	None for forms bearing a 3/86 or later revision date. For forms issued prior to 3/86 an addendum available from SBOO may be required to determine whether the reissue is a taxable event. If Series H/HH Bonds are involved, the individual whose Social Security number is furnished on PD 1851 must complete Form W-9. If an Estate Identification number has been assigned to the trust, the trustee should complete Form W-9.
	(b) Correct error in registration.	**PD F 4000** by purchaser or claimant. If error made by issuing agent, explanation on letterhead by authorized employee explaining error and giving correct information.	Ordinarily none, depends on nature of error.
	2. Both deceased, estate of last to die being administered, representative acting. Representative requests reissue in name of person entitled.	**PD 1455**	Certified copy of letters testamentary or of administration on estate of person last deceased AND certified copies of death certificates of both. If Series H/HH Bonds are involved, the new owner or first-named coowner must complete Form W-9.

Reinvestment of Matured Series H Bonds

Upon reaching final maturity, Series H Bonds purchased for cash are eligible for reinvestment in Series HH Bonds bearing current issue dates. Series HH Bonds obtained through reinvestment are exempt from the annual limitation on purchases.

Owners of maturing Series H Bonds will receive a computer-generated reinvestment form as their Bonds approach final maturity. By completing this form, owners may request that Series HH Bonds be issued in the same denominations and with the same registration as the maturing Series H Bonds, the maturing Bonds and Form W-9 signed by the owner or first-named coowner must accompany this request. If the owner desires a new form of registration on the Series HH Bonds, Form PD F 1993 must be completed. The principal coowner of the maturing Series H Bonds must be named as owner or first-named coowner on the Series HH Bonds. The appropriate form and the maturing Series H Bonds should be sent to the district Federal Reserve Bank or Branch.

Chapter 9

Loss, Theft, Destruction, or Nonreceipt of Savings Bonds

All Series

The terms "loss" and "lost" include the disappearance, destruction, or theft of Bonds. The term "Bond" refers to Savings Bonds, Savings Notes (Freedom Shares), Retirement Plan Bonds, and Individual Retirement Bonds.

Any validly issued Bond that is lost, stolen, destroyed, mutilated, or not received will be replaced either by a substitute Bond bearing the same issue date or by a check for the current redemption value, provided satisfactory proof of loss is supplied.

Bond owners are well advised to keep a record of their holdings by serial number in a safe place, but not with the securities themselves. A form—Personal Record of Ownership, United States Savings Bonds is available, free, from Savings Bond District Offices for this purpose.

For Full Details:
See Treasury Circulars No. 530, Subpart F and PD Series No. 3-80, Subpart F.

Bonds Lost After Delivery

Once delivery of a Bond has been completed, any subsequent loss should be reported to the Savings Bond Operations Office, Parkersburg, WV 26106-1328. The owner should submit a claim on Form PD F 1048. If Form PD F 1048 is not available, the Savings Bond Operations Office will supply one. All pertinent questions should be answered on the form. If a robbery, burglary, or theft is involved, a copy of the police report should be furnished if the Bonds total $1000 (face amount) or more. Furnishing serial numbers will speed up replacement of the Bonds.

If the owner does not know the serial numbers of the lost Bonds and cannot obtain them from the issuing agent or the employer's payroll office, he or she should furnish all of the following information:

1. The series of the Bonds (E, EE, H, HH, etc.);
2. The years and months in which the Bonds were purchased;
3. The denominations of the Bonds ($50, $75, etc.);
4. All names, including middle name or initial shown in the registrations of the Bonds;
5. All addresses (street and number, city and state) which appear on the Bonds;
6. The Social Security number of all persons, including minors named on the Bond. If the Bonds were purchased as gifts, furnish the Social Security number of the Purchaser;
7. The date of the theft or loss;
8. The serial numbers of any Bonds still in the owner's possession.

When the claim is approved, the Savings Bond Operations Office will issue substitute Bonds or a check for the current redemption value of the lost Bonds, as the owner desires.

If the records show that the Bonds have been redeemed, the claim usually will be denied unless someone other than the owner or coowner has cashed the Bonds. In such cases, an investigation of the payment may be appropriate. However, a Bond for which no claim has been filed within ten years of the recorded date of redemption will be presumed to have been properly paid. If a claim is subsequently filed, a photographic copy of the Bond will not be provided. In addition, no claim filed six years or more after the maturity of a Bond will be considered unless the claimant can supply its serial number.

If a lost bond is found after a substitute or a check has been issued, the owner must return the original Bond immediately to the Savings Bond Operations Office, with a full explanation.

Bonds Lost Before Delivery (Nonreceipt)

The term "nonreceipt" refers to a validly issued Bond that is lost before it has been delivered to the person to whom it was to have been delivered, or one acting on behalf of the intended recipient.

If a Bond is not received, report the loss and the known circumstances to the Savings Bond Operations Office. If the Bond is of recent issue, the Savings Bond Operations Office will furnish the issuing agent a Form PD 3062, so that a formal claim may be presented for a replacement Bond.

The issuing agent should complete Part I of the Form PD 3062 down to and including the statement of facts concerning the custody, handling, and dispatch of the Bond. The agent should

Bonds Lost Before Delivery (Nonreceipt)

(continued)

sign the form showing that it undertakes to surrender the lost Bond should the agent ever receive it. Part II is to be completed by the Owner, coowner, or beneficiary. Part III is to be completed, when required, by a consignee (any person to whom the missing Bond may have been dispatched other than an owner, coowner, or beneficiary). The agent should return the form to the Savings Bond Operations Office. Upon approval of the claim a replacement Bond will be issued. If the loss involves a Bond with an issue date more than four months old, the Savings Bond Operations Office will send the issuing agent, or provide the claimant, an application Form PD F 1048 or PD 3062 as appropriate. If the lost Bond is later recovered, it must be returned immediately to the Savings Bond Operations Office with a full explanation.

Lost Bond Stock

This section does not apply to those agents issuing Bonds through the Regional Delivery System.

The term "Bond Stock" includes unissued Bond stock which is uninscribed and those Bonds which are partially or wholly inscribed and which have been spoiled in process of issue.

As explained in Chapter 3, issuing agents will be held accountable and liable for stock furnished to them and should protect it against loss or theft. Bond stock which is lost while charged to an issuing agent should be reported at once to the FRB. If the loss involves a robbery, burglary, or theft, the local police and nearest Secret Service Office should be notified as well. The FRB will furnish the agent Form PD 3062-3.

The claim form must be fully completed to show all the requested information including the following:

1. A full description of the Bonds, including serial number and any completed or incompleted inscriptions;
2. An explanation of the circumstances surrounding the loss, including efforts made to locate the lost Bonds, and the results of questioning all employees who handled or had access to the Bonds;
3. If the Bonds were destroyed, the manner in which the destruction occurred, and;
4. If the Bonds were lost in transit, the method of shipment which was employed.

Completed Forms PD 3062-3 should be sent to the FRB; the FRB will complete Part III of the form to show the date the agent's consignment account balance was last confirmed and whether it recommends that the claim be approved; the claim will then be forwarded to the Savings Bond Operations Office.

If the facts reveal an absence of negligence on the part of the agent, the Savings Bond Operations Office will grant unconditional stock credit to the issuing agent. In other circumstances, conditional relief generally will be granted; in such cases the agent will be required to reimburse the Savings Bond Operations Office if a monetary loss is later sustained by the Savings Bond Operations Office as a result of the agent's claim.

Lost Paid Bonds

Agents processing Savings Bonds through EZ Clear should see the Facsimiles section of Chapter 6, page 29.

If Bonds redeemed by an authorized paying agent are lost, stolen, or destroyed while in the agent's custody or while in transit between the agent and the FRB or the FRB and the Savings Bond Operations Office, the agent should submit a claim through the FRB on Form PD 2517. The form should be completed to show the Bond serial numbers, month of payment, amounts paid, and, if available, the issue dates and inscriptions. Bonds paid in different months should not be included on the same application. Full details of the circumstances of loss, the results of a thorough search of the agent's office, and inquiry of all employees who may have handled the Bonds should be furnished. The form should be signed by an officer of the paying agent. If the agent has a film record of the lost paid Bonds, a print of the front and back of each Bond should be submitted with the form. Paying agents will receive credit for approved claims for lost paid Bonds.

Chapter 10

Retention of Records

Certain sections in this chapter do not apply to agents participating in RDS. Please see page 13, for details.

The Treasury is interested primarily in two basic records received by, or originating with, a qualified issuing agent. They are —

1. The original authorization received from the purchaser of the security; and
2. Evidence of the exact manner in which the Bond was actually inscribed.

The Treasury has prescribed a retention period only with respect to these two records.

Other records originating in the issuing agent's office, covering requisitioning and accounting for stock, claim applications, correspondence, etc., are also dealt with herein.

Original Authorizations for Purchase

Applications for purchases of Bonds, including payroll allotment records, are original authorizations for purchase. These, or microfilm copies of them, should be retained for at least four months subsequent to the month the related Bonds are issued. The reference to payroll-allotment records does not include the employee's *original* authorization instruction on file with the employer, unless the employer is also the issuing agent for the Bonds. The reason for requiring retention of these records is to enable the Department to respond to claims that Bonds were not issued in accordance with the purchaser's instructions. Such claims could question the correctness of names, titles, addresses, spelling, and owner or beneficiary rights as shown on Bonds vs. that alleged to have been specified by the purchaser.

Duplicate Record of Actual Bond Issuances

A record showing the series, denomination, serial number, issue date, validating date, and exact form of registration should be retained for at least four months from the month of issue. This record may be established from the Bond, at the time of issuance, by microfilming the Bond or otherwise.

The original registration stubs of Bonds are sent by issuing agents to the Federal Reserve Bank or Branch. That Bank, in turn, sends the stubs to the Treasury to form the permanent Treasury record of each Bond issued. Because the stubs may be lost or destroyed before receipt by the Treasury, or because an inquiry may be received before the stub is received for setting up the record, it may be necessary to call upon the issuing agent to explain or provide certain Bond issuance data. It is for such reasons that the Treasury requires retention of actual Bond issue data for the required time.

Accounting Records

No retention period has been established by the Treasury for documentation arising in connection with requisitioning and accounting for stock. It would be expected, however, that each agent would retain such records for a reasonable time after the transaction.

Claim Records on Account of Lost, Destroyed, Mutilated, or Stolen Bond Stock

The Treasury has not established a retention period for documents or records arising from such cases. It would be expected, however, that each agent would want to retain any records involving its issuing agency function for a reasonable time following official settlement of the transaction.

Correspondence

The Treasury has not established a retention period for correspondence conducted by an entity in its capacity as an issuing agent. The principle cited in the preceding "Claim Records" paragraph would seem to be desirable for correspondence and other miscellaneous records developed in the agency function.

Disposition of Records

Applications for purchase and other tangible records of issue may be destroyed or salvaged as waste paper (after the prescribed retention periods). The records of Bond owners are held in confidence by the Treasury and are not released to anyone not having a right to the information. Accordingly, if the applications and other records are to be salvaged as waste paper, they must be so mutilated as to prevent their subsequent misuse as, for example, in the preparation of mailing lists.

Chapter 11

Exchange of Series E and EE Bonds/ Notes for Series HH Bonds

Exchange Privilege

Series HH Bonds may be obtained only through exchange for Series E and EE Bonds and Savings Notes (Freedom Shares), or the authorized reinvestment of the proceeds of matured Series H Bonds.

Important Points:

- Exchange privilege is designed for those who want additional current income.
- Minimum exchange is $500 (current redemption value).
- E Bonds/Notes may be exchanged for HH Bonds up to one year after their final maturity dates. (See tables on page ?.) Series EE Bonds can be exchanged for HH Bonds after being held six months from date of issue.
- Federal income tax liability on accrued interest on EE Bonds and E Bonds/Notes may be deferred until HH Bonds received in exchange are redeemed, disposed of, or have reached final maturity, whichever is earlier. The deferred interest will be reported to the payee and to the IRS at the time the HH Bonds are redeemed.
- Interest on HH Bonds is subject to federal income taxes for the year in which interest is paid.
- HH Bonds received in exchange or through authorized reinvestment are not subject to the limit on purchases. (See page 8.)
- HH Bonds received in exchange may omit name of coowner (but not the principal coowner) or beneficiary appearing on E or EE Bonds/Notes, without his or her permission. A principal coowner is one who purchased the exchanged Bonds with his or her own funds or received them as a gift, legacy, etc., *provided he or she has received no contribution from the other coowner.*
- If the HH Bonds are issued without taking advantaged of the tax-deferral privilege, the total amount of accrued interest will be reported to the payee and the IRS if it is $10 or more.
- If the redemption value of the Bonds presented for tax-deferred exchange exceeds the purchase price of the HH Bonds and a refund is to be made, the amount of the refund is subject to interest reporting to the extent it represents $10 or more in accrued interest on the redeemed securities.

Issuing agents may receive applications for exchange and submit them to Federal Reserve Banks. Use Form PD F 3253. Application must include taxpayer identifying number (Social Security account number or employer identification number).

For Full Details: See Treasury Circulars PD Series 2-80, No. 750 (current revision) and Appendix.

General Information Relating to Subscribers

Series HH Bonds are current income securities; they pay interest at a flat rate every six months for ten years, and are guaranteed an additional ten-year extension. HH Bonds issued after October 1, 1989, must receive their interest payments by direct deposit (electronic funds transfer) to a bank account held by the owner or coowner. Older H and HH Bonds may still receive payments made by Treasury check issued in the name(s) of the owner or coowners. HH Bonds are available only in exchange for eligible Series E and EE Bonds and U.S. Savings Notes having total redemption value of $500 or more at the time of the exchange.

Amounts That May Be Exchanged

Minimum

A minimum of $500 (current redemption value) of E or EE Bonds or Savings Notes (hereinafter referred to as securities), or a combination thereof, must be presented *each time* an exchange is requested.

Maximum

There is no maximum applicable to an exchange.

Multiples of $500

Since $500 is the minimum denomination for HH Bonds, each exchange transaction must be in an amount of $500 (redemption value) or a multiple thereof. Should the redemption value of securities tendered for exchange be more than $500 but not an even multiple thereof, the subscriber may:

- Add cash to equal the next higher $500 HH Bond multiple; or
- Take cash to equal the next lower $500 HH Bond multiple (see below for tax treatment).

Who May Request Exchange and Changes in Registration

Owner

The term "owner" means: (1) the registered owner of a security registered in a single ownership or beneficiary form, whether or not a natural person; or (2) a beneficiary or coowner named on a security with a deceased owner or coowner. The beneficiary would be required to furnish proof of the owner's death. An owner may request the exchange and have the HH Bonds issued in his or her name in any authorized form of registration permitted under Department of the Treasury Circular, Public Debt Series 3-80, provided he or she is named as owner or coowner.

Coowner

Principal Coowner

A "principal coowner" is one who (1) purchased the securities with his or her own funds or (2) received them as a gift, legacy, or inheritance, or as a result of judicial proceedings and had them reissued in coownership form, provided he or she received no contribution in any manner from this other coowner for being so designated. (Those processing the exchange subscription form, PD F 3253, are not required to go beyond a person's certification on such form that he or she is the principal coowner of the securities presented.)

The principal coowner of the securities presented for exchange must be named as owner or first-named coowner on the Series HH Bonds and his or her Social Security number must be provided.

Coowner Who May Request An Exchange

No change in registration—either coowner may request the exchange if the HH Bonds are to be registered exactly as the securities surrendered for exchange.

If a tax-deferred exchange is requested, the Social Security number of the "principal coowner" [whose name must be shown first in the inscription] must be used for Bonds to be inscribed in the name of two persons as coowners.

If the principal coowner is not the person requesting the exchange, the principal coowner must complete Form W-9 to certify the correctness of his or her Social Security number and that he or she is not subject to backup withholding. In such cases, the coowner requesting the exchange must also strike the statement above his or her signature on form PD F 3253 that he or she *is* the principal coowner.

Change in registration—ONLY the principal coowner may request an exchange if the HH Bonds are to be registered differently from the securities surrendered for exchange. Such HH Bond registration may be in any form permitted by Department of the Treasury Circular, Public Debt Series 3-80, but must include the principal coowner as the owner or first-named coowner.

More than one form of inscription requested.

Subject to limitations stated above, a subscriber may request that the HH Bonds be issued in several inscriptions. In such event, a note to that effect should be made on the face of the form with the additional inscriptions being recorded, together with the appropriate amounts for each, on the back of the blue (A) copy of Form PD F 3253. The person authorized to request the exchange must execute the requests for payment on the Bonds or Form PD F 1522, as appropriate.

Legal Representative (named in registration on the Bond)

A legal representative means the court-appointed (or otherwise qualified) person regardless of title, who is legally authorized to act for the estate of a minor, incompetent, aged person, absentee, et al. The legal representative would be required to show full title and provide appropriate identification. Legal representatives of decedents' estates may not conduct exchanges.

Federal Income Tax General Consequences of an Exchange

Interest (difference between the issue price and redemption value of E or EE Bonds/Savings Notes) is required to be reported for federal income tax purposes. An owner has the option of reporting such interest each year, as it accrues, or in total at the time the security is cashed, disposed of, or reaches final maturity, whichever occurs first.

Many persons choose the second option. They may, if they wish, continue to defer reporting the accrued interest actually invested in an HH Bond in an exchange transaction. Reporting of interest can be delayed until the HH Bond is redeemed, otherwise disposed of, or reaches final maturity, whichever occurs first.

How Amount of Deferred E or EE Bond/Savings Note Interest May be Known by Owner

The amount of deferred accrued interest actually invested in an HH Bond exchange transaction will be recorded by the issuer of the HH Bond (a Federal Reserve Bank or Branch or the Savings Bond Operations Office) within a legend, as follows, printed on the HH Bond(s)—

Accrued interest of_____ on Savings Bonds/Savings notes exchanged for this Bond and included in its issue price is reportable for federal income tax purposes, for the year of redemption, disposition, or final maturity of this Bond, whichever is earlier.

If only one HH Bond were to be issued in the transaction, the entire amount of the deferred interest would be recorded in the legend. If more than one HH Bond were to be issued in the transaction, a proportionate amount (according to the number of $500 units of HH Bonds to be issued) of the deferred interest would be recorded on each HH Bond.

To illustrate, assume an exchange subscription of $1,500 with (1) $1,000 and a $500 HH Bond to be issued and (2) $136.20 of deferred interest on the securities being exchanged. There would be three $500 units of HH Bonds, thus $45.40 ($136.20 ÷ 3) of deferred interest would be assignable to each unit. The $1,000 Bond (two units) would have $90.80 recorded in the legend impressed on it, and $45.40 would be recorded on the $500 Bond.

When Deferred Interest Must be Reported

Reporting interest at time of exchange

Deferred interest referred to here is the interest described above. The *total* of such accrued interest on the Bonds exchanged *may be reported* by the owner in his or her federal income tax return for the year of the exchange, *if the owner so desires*. In this case, the tax deferral legends will show "0" (zero). If some of the accrued interest is actually received in the exchange, the owner or principal coowner *must report* it in his or her federal income tax return for the year of the exchange. But should some of such cash represent a return of principal, that amount should not be reported in the tax return. For example, assume that $1,279.20 redemption value of E or EE Bonds/Savings Notes was being rendered in exchange for a $1,000 HH Bond and the issue price of such Bonds/Notes was $1,143. In this example, the accrued interest reportable for tax purposes would be $136.20 $1,279.20 redemption value, minus $1,143 issue price). Therefore only $136.20 (not the full $279.20 cash payment received by the subscriber) would need to be reported.

Under TEFRA, the payer (usually an FRB or the Savings Bond Operations Office) must report to the IRS those exchange transactions in which the subscriber does not take advantage of the tax-deferral privilege or in which he or she receives any accrued interest as a refund in tax-deferral cases. Paying agents make this report only if they actually refund interest to the customer. When agents forward the entire exchange transaction to an FRB or the Savings Bond Operations Office for processing, the FRB or the SBOO makes the report. If a portion of the interest has already been reported for federal tax purposes, it is the payee's responsibility to reconcile the matter with the IRS.

Federal Income Tax General Consequences of an Exchange *(continued)*

Reporting interest at time HH Bond is cashed

The amount of accrued interest shown in the legend on a Series HH Bond must be included in the federal income tax return of the owner or principal coowner for the year in which the HH Bond is cashed or otherwise disposed of, or reaches final maturity, whichever occurs first.

This interest, too, is subject to the interest reporting requirements of TEFRA. Such reporting is handled by the FRB or the Savings Bond Operations Office.

Right Time to Exchange E or EE Bonds/Savings Notes

General

Series E Bonds and Savings Notes are eligible for exchange for HH Bonds up to one year from the month in which they reach final maturity. E Bonds issued between 1949 and November 1965 will earn interest for a total of 40 years, thus reaching final maturity between 1989 and November 2005. (E Bonds issued prior to 1949 no longer draw interest and cannot be exchanged.) E Bonds issued between December 1965 and June 1980 and all Savings Notes earn interest for a total of 30 years, reaching final maturity from December 1965 to June 2010 and June 1997 to October 2000 respectively. Series EE Bonds, issued since January 1980, also draw interest for a total of thirty years, reaching final maturity beginning in January 2010.

For Obtaining Greatest Value

Interest on Series E or EE Bonds and Savings Notes does not accrue between interest accrual dates. Therefore, to assure the maximum interest return, owners should be informed that it would be to their advantage to make an exchange on an interest accrual date, in most cases that is, the anniversary date of the securities or the midpoint between anniversary dates. For example, interest on an E Bond with an issue date of May 1951 would accrue on May 1 or November 1 each year (until May 1, 1991, when it reaches final maturity). Thus, an owner who is considering an exchange of this Bond would do well to wait until May 1 or November 1, as appropriate; he or she would then obtain an additional six months interest on the Bond. Matured Bonds with odd original maturity periods (such as 9 years and 8 months) should be carefully checked to be certain of their current interest accrual dates. (Example, a Bond issued in January 1957 reached first maturity 9 years and 8 months from its issue date. The interest accrual dates originally were January 1 and July 1 but, when it reached first maturity on September 1, 1966, its interest periods changed to March 1 and September 1.)

For Specific Purposes

Interest Payments for HH Bonds are made each six months after their issue dates. Should one desire the HH Bond income in relatively equal amounts in each month, this may be accomplished by exchanging a relatively equal amount (redemption value) of E or EE Bonds/Savings Notes in each of six consecutive months. This would produce 12 consecutive monthly interest payments.

Should a concentration of income be desired in one or two periods (for example, to cover real estate taxes payable once or twice a year), then the exchanges could be concentrated in that month (or its related month, six months later). For example, should a concentration of income be desired for July in each year, the exchange could be made in January or July (or in each, should that result in producing the highest return on some of the securities to be exchanged).

Processing Exchange Transactions, Series E or EE Bonds/ Savings Notes for Series HH Bonds, Subscription Form PD F 3253

Department of Treasury Circular, Public Debt Series No. 2-80, governs exchanges of Series E or EE Bonds/Savings Notes for Series HH Bonds. A correctly completed and signed subscription, Form PD F 3253, plus the additional cash—if any—as explained in Part I, and the securities to be exchanged, must be received before an exchange may be processed. Securities bearing different inscriptions may be included on the same form PD F 3253, provided an eligible subscriber is the owner, coowner, or other person entitled to the securities. In some cases, a separate Form W-9 may also be required.

Handling of Exchange Subscriptions

Bonds Accepted For Payment By Agent

Qualifying paying agents for E or EE Bonds/Savings Notes are authorized to accept and handle exchange subscriptions submitted by natural persons whose names are inscribed on the securities as owner or coowner. Agents may also accept Bonds presented by a surviving beneficiary. In addition to proper identification, beneficiaries must present a properly certified copy of the original owner's death certificate. They may pay the securities and collect any cash needed to complete a transaction, or remit the subscriber any odd amount representing an excess of current redemption value of such securities not applied to the purchase of HH Bonds. The paid securities must be transmitted with the exchange subscription form, completed as hereinafter detailed, together with payment for the issue of the HH Bonds. The issue date of the HH Bonds would be the first day of the month in which the paying agent pays the securities exchanged and receives any cash difference needed to complete the transaction. Agents must issue Form 1099-INT in those cases where the subscriber has not elected tax deferral, or where a refund of interest is to be made in tax-deferral cases. See the Appendix to Department of the Treasury Circular No. 750, third revision, for complete details for handling these transactions and forwarding the paid Bonds to an FRB.

Bonds Accepted By Agent For Forwarding As Agent of the Subscriber

Exchange subscriptions—supported by securities which a paying agent is not authorized to pay, or which the agent chooses not to pay (and additional cash, if any, needed to complete the purchase price of the HH Bonds)—should be sent to a Federal Reserve Bank or Branch or to the Savings Bond Operations Office. A qualified paying agent submitting subscriptions does so as an agent for the subscriber. If the entire transaction is to be forwarded to a Federal Reserve Bank or Branch without processing the redemption of the Bonds/Notes, the agent should not report any interest on Form 1099-INT. The issue date of the HH Bonds to be issued in those cases would be the first day of the month in which the FRB or the Savings Bond Operations Office pays the securities to be exchanged. Such payment would be made only if and when the subscription form is correctly completed and signed, and the additional payment, if any, has been received.

Completing Requests for Payment and Certification Forms

Requests for Payment

The request for payment form on the back of each security submitted for exchange must be completed in the manner prescribed for requesting payment.

Certification of Request for Payment

- Securities cashed by paying agent. A qualified paying agent who cashes securities eligible to be exchanged, is not required to complete and execute the certification form. However, the securities must be imprinted with the agent's "Paid" stamp, which should be completed to show the amount and date of payment and the initials of the employee approving the payment.
- Securites not cashed by paying agent. If a qualified paying agent is not authorized, or prefers not to cash securities submitted for exchange, the certification form must be completed and executed.

Completing Exchange Subscription Form PD F 3253

General

The following paragraphs will explain how to complete various parts of Form PD F 3253. However, before attempting to fill out the form, make certain that an exchange transaction is justified; for example—

- Do the securities presented have a minimum redemption value of $500, the purchase price of the smallest HH Bond denomination?
- Do the securities presented contain the subscriber's name as owner or coowner? Those of which he or she became the owner by reason of death or some other contingency, and those which require documentary proof of entitlement, would be acceptable in support of the subscription—but the securities would not be eligible for payment by a qualified paying agent.
- Does the registration request for the HH Bonds differ from that appearing on the securities submitted for exchange? If so, then make certain that the subscriber is the owner—or the principal coowner, if the securities are in coownership form—and that his or her name will appear as owner or first named coowner on the HH Bonds.

Use of Form

PD F 3253 must be used to request the issue of Series HH United States Savings Bonds in exchange for eligible Series EE/E Savings Bonds and/or Savings Notes. A Series E Bond or Savings Note is eligible for exchange prior to final maturity and for a period of one year from the month in which the bond or note reaches final maturity. For example, a Series E Bond which reached final maturity in October 1988 is eligible for exchange through October 31, 1989. Series EE Bonds are eligible for exchange six months after their dates of issue.

Where to Submit Exchange Application

An exchange application completed by an individual whose name appears on the securities presented for exchange as owner, coowner or surviving beneficiary may be submitted to a financial institution authorized to redeem Savings Bonds. The financial institution should forward the exchange application to the Fiscal Agency Department of a Federal Reserve Bank or Branch and concurrently transmit the redeemed securities for settlement in the usual manner. Other exchange transactions must be submitted to the Fiscal Agency Department of a Federal Reserve Bank or Branch for redemption of the securities presented for exchange and issuance of the Series HH Bonds. In all cases the Worksheet contained in this package should be submitted along with the application to the Federal Reserve Bank or Branch.

Payment of Interest

Interest on Series HH Bonds issued as a result of this transaction will be paid semiannually to the owner, to either coowner, or to both coowners by direct deposit via the Automated Clearing House method to an account at a financial institution as directed by the owner or either coowner. If the Series HH Bonds are to be issued in single ownership or beneficiary form, the ACH account must include the owner's name. If the Bonds are issued in coownership form, the name of at least one coowner must appear in the ACH account title. Checks in payment of interest will not be issued unless the Department determines that extraordinary circumstances warrant such payment. To ensure that rights of ownership and survivorship can be more easily identified and preserved, it is suggested that the account to which the interest payments are directed be titled in a form identical to the registration of the bonds.

PD F 3253 - WORKSHEET

This worksheet is provided for your assistance in completing item numbers 1 through 7 on PD F 3253. For item numbers 8 through 11 please see the detailed instructions on the reverse of PD F 3253. The section numbers below correspond to the item numbers on the exchange application.

(a) Defer Interest Reporting.
If your Series HH bonds are to bear tax-deferral legends, i.e., notations that a portion of their purchase price represents the interest accrued on eligible Series E and EE savings bonds and/or Savings Notes which has not and will not be reported for Federal income tax purposes for this or any prior year, check Block 1(a) on PD F 3253. The amounts in the legends will be reportable for the year in which the HH bonds are redeemed, mature, or are otherwise disposed of, whichever occurs first.

(b) Report Interest.
If the interest has been reported for Federal income tax purposes or will be reported for the current year, check Block 1(b) and show "0" in Block 6 on PD F 3253. The paying agent will issue an appropriate Form 1099 and the Series HH bonds will show "0" in their tax legends. You may skip items 5 and 6 below.

Separate your Series E and EE savings bonds and savings notes and show their total face amounts in Column 1 below. Determine the respective redemption values and accrued interest for each series from the Tables of Redemption Values and show these amounts in Columns 2 and 3.

SERIES	1 FACE AMOUNT	2 REDEMPTION VALUE	3 ACCRUED INTEREST
E	$	$	$
EE			
NOTES			
TOTAL	$	$	$

Enter the total redemption value of all of the bonds and notes from Column 2 above in Block 2 on Form PD F 3253 and in Item 2(a) below. The redemption value must total at least $500. Series HH bonds are issued in multiples of $500 and, therefore, you may add cash or subtract from the redemption value up to $499.99. You may use the area below to compute the dollar amount of the Series HH bonds to be issued.

(a) Redemption value of your bonds/notes	$
(b) Cash added (not more than $499.99), or	(+)
(c) Payment returned (not more than $499.99)	- or- (-)
(d) Series HH bonds to be issued	$

Enter the total interest accrued on your bonds from the Tables of Redemption Values in Block 3 on PD F 3253.

Enter the amount shown in 2(d) above in Block 4 on PD F 3253.

Enter the amount shown in 2(c) above in Block 5 on PD F 3253. This amount or the amount of interest accrued, whichever is less, is reportable for Federal income tax purposes despite the fact that the Series HH bonds will bear tax-deferral legends. The paying agent will issue an appropriate Form 1099.

From the total interest accrued (3 above) subtract the payment returned [2(c) above] and enter this amount in Block 6 on PD F 3253. Use the area below to compute interest deferred.

(a) Total interest accrued	$
(b) Payment returned	(-)
(c) Interest deferred for Federal income taxes	$

Show the number of bonds of each desired denomination in the appropriate blocks in Item 7 on PD F 3253. The total of the bonds to be issued must equal the amount shown in Block 4 on PD F 3253. For example, 1 - $500, 2 - $1,000 and 1 - $5,000, for a total of $7,500 in HH bonds.

The remainder of the form should be completed in accordance with the detailed instructions provided.

PD F 3253
Department of the Treasury
Bureau of the Public Debt
(Revised Sept. 1989)

OMB No. 1535-0005
Expires 9/30/91

EXCHANGE APPLICATION FOR U.S. SAVINGS BONDS OF SERIES HH

Please follow the attached instructions and use worksheet when completing the form

1. *For Federal income tax purposes, I (a) wish to defer reporting (b) will report this year or have reported the interest accrued on my bonds/notes surrendered in this exchange transaction.*

2. $.	3. $.	4. $.	5. $.	6. $.
Redemption Value	Interest Accrued	HH Bonds To Be Issued	Payment Returned	Interest Deferred

7. Number Of Each Denomination		$500		$1,000		$5,000		$10,000
FRB USE ONLY	Increment On Each Bond							
	Bond Serial Numbers							

8. REGISTRATION INFORMATION

OWNER OR FIRST-NAMED COOWNER (Bonds registered to)

TAXPAYER IDENTIFICATION NO.: — — --OR-- —

Social Security Number — Employer Identification Number

NAME:

NUMBER AND STREET OR RURAL ROUTE:

CITY / TOWN: STATE: ZIP CODE:

COOWNER OR BENEFICIARY (OPTIONAL). **Coownership will be assumed if neither block is checked.** The following person is to be named as coowner beneficiary. See reverse for additional registrations.

NAME:

Delivery Instructions for HH bonds (if different than above): _____

9. DIRECT DEPOSIT AUTHORIZATION (Read instructions before completing this section).

NAME(S) ON DEPOSITOR ACCT.: _____ ROUTING/ TRANSIT NO.:

DEPOSITOR ACCT. NO.: TYPE OF ACCOUNT: CHECKING SAVINGS

I request that semiannual interest payments on previously obtained Series HH/H bonds bearing the above taxpayer identification number also be deposited directly to this account. **If neither block is checked, yes will be assumed.** YES NO

10. Under penalty of perjury, I certify that I am the owner or principal coowner of any savings bonds and notes submitted herewith; that the number shown on the form is my correct taxpayer identification number; and that I am not subject to backup withholding either (i) because I have not been notified that I am subject to backup withholding (as a result of a failure to report all interest and dividends) or (ii) because I have been notified by the Internal Revenue Service that I am no longer subject to backup withholding, unless I check this block: ☐ I am subject to backup withholding

Serial Number of a savings bond/note surrendered in this exchange: _____

Applicant's Signature: _____ Daytime Telephone No.: _____

11. FINANCIAL INSTITUTION AUTHORIZATION AND CERTIFICATION

NAME, ADDRESS, AND TELEPHONE NO.:

PAYMENT METHOD:

☐ Charge Reserve Account * ☐ Check

*ABA NUMBER:

Payment Stamp

As representative of the financial institution named in this item, I certify that the account name(s) and number shown in Item 9 are correct and that the financial institution agrees to receive and deposit the semiannual interest payments on the Series HH bonds issued pursuant to this form in accordance with applicable regulations.

(Authorized Signature) (Date)

FRB USE ONLY **CASE NO.:** **C. Owner Copy**

DETAILED INSTRUCTIONS - ITEMS 1 THROUGH 11 ON PD F 3253

ITEMS 1 THROUGH 7 - Use the separate Worksheet provided.

ITEM 8 - REGISTRATION INFORMATION

Taxpayer identification number. Observe the following rules in determining whose taxpayer identification number is to be shown on the Series HH bonds.

If the bonds are to be inscribed in the name(s) of

1. Natural persons in their own right, show the social security account number of the owner or first-named coowner.
2. A guardian, custodian, or similar representative of the estate of a minor, incompetent, or other ward, show the social security account number of the protected person.
3. A fiduciary (e.g., executor, administrator, or trustee) acting in that capacity, show the taxpayer identification number used by the estate or trust.
4. A corporation, association, partnership, State, or public corporation or body, show the employer identification number assigned to the organization.

Owner or first-named coowner. The owner or principal coowner of the securities presented for exchange must be designated as owner or first-named coowner on the Series HH bonds. The principal coowner is the coowner who (1) purchased the securities with his/her own funds or (2) received them as a gift, legacy, or inheritance, or as a result of judicial proceedings and had them reissued in coownership form (provided he/she received no contribution in any manner from the other person for designating him/her as coowner). If both coowners of the securities presented for exchange shared in their purchase or received them jointly as a gift or legacy, both must be named on the Series HH bonds. If the owner or principal coowner of the securities presented for exchange is deceased, the surviving coowner or beneficiary must be designated as owner or first-named coowner on the Series HH bonds.

Address of owner or first-named coowner. Show the mailing address of the owner or first-named coowner. The bonds will be delivered to this address unless otherwise indicated on the form.

Coowner or beneficiary (Optional). If you choose to designate a coowner or beneficiary on the bonds, check the appropriate block and insert his/her name in the blocks provided. If you are acquiring more than one HH bond and additional persons are to be named as a coowner or beneficiary, check the block marked "See reverse for additional registrations." The back of the "A" copy of the application should then be used to show the names, respective amounts and denominations, and indicate whether each is to be a coowner or beneficiary. The owner's or first-named coowner's name and address need not be repeated on the back. No more than two persons in their own right may be named on a single bond.

Delivery instructions. Leave this section blank if the bonds will be mailed to the owner. Otherwise, show the name and address of the individual or institution to which the bonds are to be mailed.

ITEM 9 - DIRECT DEPOSIT AUTHORIZATION

Interest paid on Series HH bonds requested on this exchange application must be paid by direct deposit and the bonds will not be issued until the appropriate authorization for direct deposit of the semiannual interest payments is provided.

If the interest payments are to be deposited to an account maintained by the financial institution assisting in the completion of the exchange application, show the account name(s), number, and type, and the financial institution's routing/transit number. *If the interest payments are to be deposited to an account maintained at another financial institution, a separate direct deposit enrollment on Standard Form 1199A must be completed at that institution and attached to the "A" copy of the exchange application.*

By checking the block marked "YES", the applicant may request that semiannual interest payments on all previously obtained Series HH/H savings bonds in accounts bearing his/her name and taxpayer identification number be made by direct deposit to the account identified in Item 9. Direct deposit of interest is encouraged, but not required, for Series HH/H bonds that are paying interest by check. However, if neither block is checked, the direct deposit information provided will be used for all accounts identified by the taxpayer identification number in Item 8.

ITEM 10 - SIGNATURE

The applicant must sign the form and may furnish a daytime telephone number. If any of the securities for exchange are registered in coownership form, the exchange application must be signed by the principal coowner, except as outlined below. If the owner or principal coowner has been notified by the Internal Revenue Service that he/she is subject to backup withholding, he/she should check the block so indicating.

If coowner bonds/notes are submitted for exchange and the Series HH bonds are to be registered in exactly the same form, the nonprincipal coowner may sign the exchange application, but he/she must strike out the entire statement appearing above the signature. In that event, the principal coowner must complete and sign IRS Form W-9 and attach it to the "A" copy of the exchange application.

The applicant must also sign the request for payment on the back of each security presented for exchange, unless the financial institution assisting with the transaction is qualified to endorse the requests for payment pursuant to Department Circular No. 888, current revision. The applicant must still sign the application.

The applicant should write the serial number of one of his/her bonds or notes surrendered for exchange in the space provided near the signature line.

ITEM 11 - FINANCIAL INSTITUTION AUTHORIZATION AND CERTIFICATION

The name, address, telephone, and ABA number of the financial institution assisting in the preparation of the exchange application should be shown in the spaces provided. The institution that redeems the securities presented for exchange should imprint its payment stamp on the securities and also in the designated area on the form. The appropriate box should be checked to show the method of payment, whether by check or via a charge to a Reserve account.

In all cases, an authorized representative must sign and date the form on behalf of the financial institution. *If Item 9 has not been completed because the interest payments are to be deposited to an account at another financial institution, the representative should strike the statement above his/her signature.*

The applicant's signature to the request for payment on the back of each bond/note presented must be certified. The paying agent's stamp on the face of the bonds will be sufficient, if it is authorized to pay the bonds.

GENERAL INFORMATION - SERIES HH BONDS AND INTEREST PAYMENTS

ISSUE DATE - Series HH bonds will be dated as of the first day of the month in which an authorized agency accepts the exchange application and redeems the securities presented for exchange.

NOTICES AFFECTING THE DELIVERY OF INTEREST PAYMENTS. All notices affecting the delivery of Series HH interest payments should be addressed to the Bureau of the Public Debt, Parkersburg, West Virginia 26102-2186.

CHANGES TO DIRECT DEPOSIT AUTHORIZATION - The agreement and authorization for direct deposit payment of semiannual interest on the Series HH bonds issued pursuant to this exchange application remain in effect until amended by the owner or either coowner by notice to the Bureau of the Public Debt or by a recipient's death or legal incapacity. An owner or coowner who wishes to change the account or financial institution to which interest payments are sent should complete a new direct deposit enrollment on Standard Form 1199A at the new financial institution and notify the old financial institution of the cancellation of the previous direct deposit arrangement.

CANCELLATION OF DIRECT DEPOSIT AUTHORIZATION. The direct deposit agreement may be canceled by the financial institution by providing a written notice to the account holder 30 days in advance of the cancellation date. The owner or coowner must immediately advise the Bureau of the Public Debt if the authorization is canceled and complete a direct deposit enrollment on Standard Form 1199A at another financial institution. A direct deposit authorization for Series HH interest payments cannot be canceled by an owner or coowner or by the financial institution for the purpose of receiving payment by check.

DEATH OR LEGAL INCAPACITY OF RECIPIENT - Both the Bureau of the Public Debt and the financial institution to which interest payments are directed should be notified immediately when an owner or coowner dies or becomes legally incapacitated. Interest payments deposited after the financial institution is on notice of the owner's death or legal incapacity must be returned so that a determination of entitlement may be made.

Cashing Bonds and Notes

Redemption—By Paying Agents

Series E and EE

Banks and other financial organizations qualified as paying agents are authorized to redeem without cost to owner, when satisfied of owner's identity—see "Identification Guide," PD 3900, current revision—Bonds of Series A through E and EE and Savings Notes issued to individuals in the following forms:

1. Single ownership (name of one person)—Pay to owner only.
2. Coownership (names of two persons, such as John R. Doe or Mrs. Mary S. Doe)—Pay to either coowner, signature of other not required.
3. Beneficiary (names of two persons, such as John R. Doe, payable on death [P.O.D.] to Mrs. Mary S. Doe)—Pay to owner only, except as provided for below.

Payment to Beneficiary

Paying agents may redeem Series E/EE Bonds and Savings Notes for cash or in exchange for Series HH Bonds upon the request of a surviving beneficiary and the furnishing by the presenter of an acceptable certificate of death for the person named on the Bonds/Notes as the owner. To be acceptable, death certificates must be certified under seal of the state or local registrar to be true and correct copies taken from official records.

The request for payment on each security must be signed by the presenter (the registered beneficiary), whose identity must be known to the certifying officer or established in accordance with the Treasury Identification Guide for Cashing United States Savings Bonds (Form PD 3900, Revised October 1988). In all cases, the social security number of the presenter, *not the decedent*, must be noted. In exchange cases, the surviving beneficiary must be named as the owner or first-named coowner on the Series HH Bond(s) to be issued.

In addition to the payee identification notations routinely made when securities are presented for payment, notations of the evidence presented as proof of death must be made. Such notations — the date of death, the name and location of the issuing authority, and the document or case number on the owner's death certificate — should be sufficient to permit specific identification of the evidence of entitlement.

Payment to Minor

If the owner or coowner of a Savings Bond is a minor and the form of registration does not indicate a guardian or other representative of his or her estate, the *agent may make payment to him or her upon request*, provided he or she is of sufficient competency to sign his or her name to the request for payment and to understand the nature of the transaction. Normally, the fact that the request for payment has been signed and duly certified will be accepted as sufficient proof of competency and understanding. The minor's Social Security number must be furnished. (Cir. 530, Sec. 315.62, and PD Series 3-80, Sec. 353.62.)

Payment to Parent of Minor

If the owner or coowner of a Savings Bond is a minor and the form of registration does not indicate there is a representative of his or her estate, and if such minor owner is not of sufficient competenency to sign his or her name to the request for payment and to understand the nature of the transaction, payment will be made to either parent with whom the minor resides. Agents may make payment in these cases, requiring only the signature and certification of the parent stating: (1) the age of the minor, (2) the relationship to the minor, (3) the fact that the minor is not of sufficient competency and understanding to make the request for payment, and (4) the parent making the request for payment is the one with whom the minor resides or to whom legal custody has been granted. Such certification may be typed or written on the back of the Bond. If the minor does not reside with either parent, payment will be made to the person who furnishes chief support *but such payment may not be made by agents*. The minor's Social Security number must be furnished. (Cir. 530, Sec. 315.63, and PD Series 3-80, Sec. 353.63.)

Redemption—By Paying Agents
(continued)

Bond agents cannot *redeem*:

1. Bonds issued in the name of:
   a. A guardian, trustee, or other representative of an estate.
   b. A corporation, partnership, association, or other type of company or institution.
   c. Anyone, where *documentary evidence is required, except for qualified beneficiaries.*
2. Bonds of Series H and HH.
3. Bonds of Series F, G, J, and K (unless authorized under Department Circular No. 888, Revised).
4. Bonds issued in the names of natural person(s) when the payee does not furnish his or her Social Security number.

All Bonds or Notes submitted for transactions which agents are not authorized to handle should be forwarded to:
1. A Federal Reserve Bank or Branch of your district;
2. The Savings Bond Operations Office, Parkersburg, WV 26106-1328.

For Full Details:
See Treasury Circulars No. 530, Subparts H and K and PD Series 3-80, Subparts H and K; also Circular No. 750, Secs. 321.7, 321.8, 321.10.

Redemption—Eligible for
Series EE

Bonds may be redeemed—at option of owner—any time after six months from issue date without advance notice. For example, a Bond bearing a January issue date would be eligible for redemption on July 1 by any authorized paying agent.

Series HH

Bonds may be redeemed—at option of owner—any time after six months from issue date by one of the following agencies:

1. A Federal Reserve Bank or Branch
2. Savings Bond Operations Office, Parkersburg, WV 26106-1328.
3. Bureau of the Public Debt, Washington, D.C. 20239-0001.

When submitting Series H and HH Bonds for redemption between the months in which interest is paid, owners should keep in mind that interest will have ceased on the prior interest payment date. For example, if a Bond dated January 1980 which pays interest each January 1 and July 1 is submitted for payment in September, the last interest payment will have been the July 1 payment. If, for some reason, owners must submit Series H or HH Bonds for redemption 30 days before an interest payment date but desire that redemption be withheld until *after* that date, they should clearly communicate this fact (in writing) to the FRB or the Savings Bond Operations Office.

For Full Details:
See Treasury Circular, PD Series 3-80, Subpart H; also Circular No. 750, Secs. 321.7, 321.8.

Redemption—Deceased Owner Cases
All Series

Below are some typical deceased owner cases.

Paying agents are not authorized to redeem Bonds in these cases. Bonds should be forwarded to Federal Reserve Bank or Branch, Savings Bond Operations Office, Parkersburg, WV 26106-1328, for payment.

For Full Details
See Treasury Circulars No. 530, Subpart L, and PD Series 3-80, Subpart L.

Bond Inscription and Circumstances	Form of Request for Payment	Evidence Normally Required	Taxpayer Identification Number Required
Single owner form; owner deceased; estate being administered	John Doe, administrator (executor) of estate (will) of Richard Roe, deceased	Face value less than $1,000 - PD F 2488-1. Face value $1,000 or more - certified letters of administration shown to be in full force and effect. If letters were originally issued more than 12 months before presentation of the Bonds, they must be shown to be in full force and effect within six months.	Social Security number of deceased owner or Employer Identification number assigned to the estate
Coowner or beneficiary form; both persons deceased; estate of person who died last being administered	John Doe, administrator (executor) of estate (will) of Richard Roe (name of last deceased)	Death certificates for both coowners. Face value less than $1,000 - PD F 2488-1. Face value $1,000 or more - certified letters of administration shown to be in full force and effect. If letters were originally issued more than 12 months before presentation of the Bonds, they must be shown to be in full force and effect within six months.	Social Security number of last-deceased owner or Employer Identification number assigned to the estate
Single owner form; owner deceased; estate closed	John Doe, person entitled to estate of Richard Roe, deceased	Face value less than $1,000 - PD 2458. Face value $1,000 or more - Certified copy of Decree of Distribution or Final Account	Social Security number(s) of person(s) entitled
Coowner or beneficiary form; both persons deceased and estate of last deceased closed	John Doe, person entitled to estate of Richard Roe (name of last deceased)	Certified copies of death certificates for both. Face value less than $1,000 - PD 2458. Face value $1,000 or more - Certified copy of Decree of Distribution or Final Account	Social Security number(s) of person(s) entitled
Single owner or coowner or beneficiary form; all persons deceased; estate of last deceased will not be administered	No signature is required	Person(s) entitled should request payment on Form PD 1946 or PD 4881. (Form PD F 1946-1 should be used if the face amount of the Bonds is above $1,000.) Certified copies of death certificates as specified on forms	Social Security number(s) of person(s) entitled

Redemption—Estate of Minor or Incompetent

All Series

Below are some typical redemption cases of Bonds issued to minors (or incompetents) in guardianship or custodianship form which paying agents are not authorized to redeem.

In such cases, Bonds should be forwarded to Federal Reserve Bank or Branch, Savings Bond Operations Office, Parkersburg, WV 26106-1328 for payment

For Full Details:
See Treasury Circulars No. 530, Subpart K, and PD Series 3-80, Subpart K.

Bond Inscription and Circumstances	Form of Request for Payment	Evidence Normally Required	Taxpayer Identification Number Required
John Doe, a minor (or incompetent) under legal guardianship; payment requested by guardian	Henry Doe, guardian of estate of John Doe, a minor (or incompetent)	Certified copies of letters of guardianship shown to be in full force and effect. If letters were originally issued more than 12 months before presentation of the Bonds, they must be shown to be in full force and effect within one year. This evidence is not required if the guardian's name is inscribed on the Bond.	Social Security number of the minor or incompetent
John Doe, a minor under legal guardianship; payment requested by owner who has reached majority	Former minor should sign own name, omitting reference to minority	Certified copy of birth certificate or court order showing discharge of guardian.	Social Security number of owner
John Doe, an incompetent, under legal gaurdianship of Henry Doe; payment requested by former ward whose disability is removed	John Doe should sign name as it appears on Bond, without reference to former disability	Certified copy of court order showing termination of guardianship by reason of restoration to competency.	Social Security number of owner
John Doe, a minor (or incompetent) under custodianship of Henry Doe by designation of Veterans Administration; payment requested by custodian named	Henry Doe, legal custodian of John Doe, a minor (or incompetent) by designation of Veterans Administration	No evidence required, however, if custodian is not named on Bond, letter from Veterans Services Officer of VA is required, dated within one year of time Bond is presented for payment.	Social Security number of owner
John Doe, a minor (or incompetent) under custodianship of Henry Doe by designation of Veterans Administration; payment requested by former minor or incompetent whose disability has been removed	Former ward should sign name as it appears on Bond, omitting words referring to custodianship	Former incompetent needs letter from Veterans Services Officer of VA stating that disability has been removed; former minor needs either a letter from VA or a certified copy of birth certificate.	Social Security number of owner

Redemption—Miscellaneous

For Full Details: See Treasury Circulars No. 530, Subpart H, and PD Series 3-80, Subpart H; also Circular No. 750, Sec. 321.9

Below are redemption transactions of a miscellaneous nature that—

Bond Inscription and Circumstances	Form of Request for Payment	Evidence—Forms Required	Taxpayer Identification Number Required
Paying Agents Can Pay (Series E and EE):			
Owner or coowner; name changed by marriage	Mrs. Mary D. Roe, changed by marriage from Miss Mary Doe	Paying agent must follow established identification procedures. (See page 60.)	Social Security number of payee
Beneficiary form; owner deceased	Beneficiary should sign name as it appears on Bond	Certified copy of death certificate	Social Security number of beneficiary
Legal representative named in registration on Bond (by name and title)	Mr. John Doe, Guardian of Estate of Mary Doe, an incapacitated person	Paying agent must follow established identification procedures (See page 60.)	Social Security number of registered owner or Employer Identification Number of estate
Legal representative of decedent's estate	Mr. John Doe, Administrator of Estate of Mary Doe (deceased)	Certified copies of evidence of appointment and death certificate	Social Security number of registered owner or Employer Identification Number of estate
Paying Agents Cannot Pay (All Series):			
Name of individual changed by court order, divorce, or naturalization	Miss Mary Roe, changed by (show reason for change) from Mrs. Mary Doe	Certified copy of court order or divorce decree or naturalization papers	Social Security number of payee
First Baptist Church	First Baptist Church, by John Doe, Pastor	No evidence if payment is requested by recognized officer	Employer Identification number assigned to the church
XYZ Company, a corporation	XYZ Company, Inc., by John Doe, Treasurer	No evidence if payment is requested by recognized officer	Employer Identification number assigned to the corporation
Deer Bear Lodge, an unincorporated association	Deer Bear Lodge, an unincorporated association, by John Doe, Grand Master	No evidence if payment is requested by recognized officer	Employer Identification number assigned to the unincorporated association
Smith and Jones, a partnership	Smith and Jones, a partnership by John B. Smith, a general partner	No evidence if payment is requested by general partner	Employer Identification number assigned to the partnership
John Jones DBA (doing business as) Jones Roofing Company	John Jones DBA Jones Roofing Company	No evidence if payment is requested by the proprietor	Social Security number of proprietor

Note: In the first section above, paying agent is authorized to redeem Bond upon satisfactory evidence of identity. In all other examples here, Bonds should be forwarded to Federal Reserve Bank or Branch, Savings Bond Operations Office, 200 Third St., Parkersburg, WV 26106-1328, for payment

Redemption—Partial

Series E and EE

Any denomination *above* $25 (*above* $75, if Series EE) is eligible for partial redemption at current redemption values. However, the remaining portion to be reissued (as of original issue date) must equal an authorized denomination or combination of denominations.

Example: A request for partial redemption of a $100 Bond to the Extent of $50 (face amount). Owner would receive a $50 Bond, plus check representing what would have been the redemption value of a $50 Bond having the same issue date as the $100 Bond being turned in.

In *request for payment* on back of Bond, above signature, the following words should be added to the first sentence of the request: Redeem to extent $50 (face amount) and reissue of the remainder. The payee's Social Security number must be furnished.

Series H and HH

Denominations eligible for partial redemption $1,000, $5,000, $10,000.

Remaining provisions: Same as above.

Note: *Paying agents should send partial redemption transactions to Federal Reserve Bank or Branch, Savings Bond Operations Office, Parkersburg, WV 26106-1328 for handling.*

For Full Details:
See Treasury Circulars No. 530, Subpart H, and PD Series 3-80, Subpart H; also Circular No. 750, Sec. 321.9(m).

Redemption—Voluntary Guardian for Adult

Series E and EE

If the adult owner of a Bond becomes mentally incompetent to request payment and there is no other person legally qualified to act in his or her behalf, the relative responsible for his or her support—or some other person—may submit an application on Form PD 2513 to request (1) redemption of any series of Bonds or (2) that interest payments on Series H and HH Bonds be mailed to the applicant. If payment is requested, it must be established that the Bond proceeds are needed to pay expenses already incurred or to be incurred in any 90-day period for the incompetent's support. The application must be accompanied by a statement from the owner's attending physician to establish that the owner is mentally incompetent to request payment.

Paying agents are not authorized to redeem Bonds in voluntary guardianship cases. The Bonds, application Form PD 2513, and supporting evidence should be submitted to the Savings Bond Operations Office, Parkersburg, WV 26106-1328.

Applicants wishing to exchange Series E or EE Bonds and/or Savings Notes for Series HH Bonds or to reinvest the proceeds of matured Series H Bonds in Series HH Bonds should contact the Savings Bond Operations Office for instructions.

For Full Details: See Treasury Circulars No. 530, Subpart K and PD Series 3-80, Subpart K.

Redemption—Persons Acting Under Powers of Attorney

Under certain circumstances, Bonds may be paid upon the request of a person acting under a power of attorney. A request signed by an attorney-in-fact will be recognized if it is accompanied by a copy of the power of attorney, executed before a certifying officer, that specifically authorizes the attorney-in-fact to sell or redeem the grantor's Treasury securities. Agents may be asked to certify powers of attorney in these circumstances.

A request for payment by an attorney-in-fact of an incompetent or physically disabled owner will be honored if the power of attorney grants the attorney-in-fact the authority to sell or redeem the grantor's securities, sell his or her

Redemption—Persons Acting Under Powers of Attorney

(continued)

personal property,or otherwise grants similar authority. The power of attorney must provide that the grantor's subsequent incapacity will not affect the authority granted. These requests must be supported by a copy of the power of attorney and evidence of the incapacity of the grantor. The latter should be in the form of a statement from the grantor's attending physician.

Paying agents are not authorized to redeem Bonds in these cases. Bonds and supporting evidence should be forwarded to the Savings Bond Operations Office, Parkersburg, WV 26106-1328.

For Full Details: See Treasury Circular No. 530, Subparts H and K and PD Series 3-80, Subparts H and K.

Redemption—Creditors

All Series

The Treasury will recognize claims against owners of Savings Bonds, when such claims are established by valid judicial proceedings.

These include:
Creditors. Payment—but not reissue—of a Savings Bond registered in single ownership, coownership, or beneficiary form will be made to the purchaser at a sale under a levy or to the officer authorized to levy upon the property of the registered owner or coowners, under appropriate process to satisfy a money judgment. A judgment against one coowner will be recognized only to the extent that his or her interest in the bond is established, whether by agreement of both coowners or through court proceedings to which both are parties.

Bankruptcy. Payment of a Savings Bond will be made to a trustee in bankruptcy, a receiver of an insolvent's estate, a receiver in equity, or a similar officer of the court.

The Treasury will not accept notices of adverse claims or of pending judicial proceedings; further, it will not undertake to protect the interests of litigants who do not have possession of a Bond.

Note: *Paying agents are not authorized to redeem Bonds when documentary evidence is required, except when presented by a qualified beneficiary. In such cases, Bonds should be forwarded to Federal Reserve Bank or Branch, Savings Bond Operations Office, Parkersburg WV 26106-1328 for payment.*

For Full Details:
See Treasury Circular No. 530, Subpart E, and PD Series 3-80, Subpart E.

Responsibility of Paying Agents to Pay Bonds Presented by Non-Customers

Paying agents are required to make their cashing facilities available, during regular business hours, to each Bond owner who can satisfactorily establish his or her identity.

An "Identification Guide for Cashing United States Savings Bonds"—form PD 3900, dated October 1, 1971 (revised)—has been prepared for use by those who make or approve Bond payments. The Guide covers the paying agent's responsibility and liability, and the three basic kinds of identification—customer, personal, and documentary. It includes examples of acceptable identification and notations an agent should make.

The Treasury occasionally receives complaints that a paying agent refused to cash Bonds because the presenter was not a customer. Under the terms of its agency agreement, each qualified paying agent has agreed to perform this service for any Bond owner who can satisfactorily establish his or her identity. The Guide is designed to permit the agent to carry out this obligation with assurance that it is not risking loss because of reliance on inadequate identification.

Liability of Agents for Losses on Bonds They Pay

By law, a paying agent is liable for any loss that results from its cashing of a Savings Bond, unless the Treasury is able to determine that the loss was not due to the agent's fault or negligence. Therefore, an agent should make sure that it pays only Bonds that are eligible for redemption; that it complies with the Treasury's instructions to paying agents, including the Identification Guide; and that it makes a notation which shows exactly what identification was relied upon in making the payment.

Although all elements are important to a proper payment, the single element responsible for the majority of losses probably is the failure of the agent's employees to make adequate notations of the identification presented. By carefully observing the Guide, a paying agent should be able to carry out its obligation to cash Bonds without incurring losses.

Statute Limiting Agent's Liability for Losses

Under Treasury-sponsored legislation, an agent is automatically relieved of liability for a loss in any case where an erroneous payment has been made 10 or more years earlier, and the Treasury has not notified the paying agent of such payment.

Identification Procedures

The following discussion of payment experiences spotlights the chief causes of losses to paying agents.

Identification of Customers

One of the most common causes of loss is reliance upon an account that has been open for less than six months.

If the person considering approval of the payment does not know the presenter, personally, as the one named on the Bond, a check should be made as to the existence and age of the account and to compare the presenter's name and signature with that on the Bond. Unless an account is at least six months old, a paying agent should treat the new customer as a stranger with respect to requiring identification for cashing Bonds.

Another cause of loss is acceptance, without verification, of the statement that the presenter has an account at the agency.

Personal Identifiers

The paying agent's reliance upon the fact that a customer has "associated himself or herself" with the presenter is a major cause of losses. Sometimes, investigations show, the customer did not know what name appeared on the Bonds presented.

While this method of identification should be one of the most reliable, it requires more than the fact that a customer accompanies the person with the Bonds.

There are numerous instances of retailers identifying "customers." The financial interest of the identifier is not sufficient to establish that he or she really knows the presenter; it may even be the basis for suspicion.

Documentary Identification

Few, if any, credentials in a person's possession constitute reliable identification. Many of them do not require that a person be positively identified before the document is issued. Frequently, there is no requirement that the recipient write his or her signature in the presence of the issuer of the document. Other factors making documentary identification unreliable are—lack of security measures controlling access to unused stock; the relative ease of altering and counterfeiting ID cards; the absence of a photo or physical description, lack of a witnessed, or otherwise validated, signature.

The Guide lists examples of acceptable and unacceptable documents. It should be noted, however, that even an "acceptable" document would have little value if it is not examined for genuineness, possible alterations; verification with the name on the Bond; comparison with the presenter's physical appearance; and comparison of the presenter's signature with the request for payment on the Bond.

Limitation on Amount Payable

Because of the generally unreliable nature of identification documents, the Treasury considers it a lack of due care when an

FOR USE OF PAYING AGENTS

THE DEPARTMENT OF THE TREASURY
Washington, October 1, 1971
(Revised August 1990)

IDENTIFICATION GUIDE
FOR CASHING UNITED STATES SAVINGS BONDS

1 AGENT'S RESPONSIBILITY AND LIABILITY. A paying agent is required to cash bonds/notes eligible for payment for a presenter with adequate identification; however, payment to beneficiaries and legal representatives is optional. If a paying agent cashes a bond/note for the wrong person, the agent is liable for the loss unless the Treasury is able to determine that the loss was not due to fault or negligence on the part of the agent. The Treasury will be able to determine that the loss was not due to fault or negligence on the part of the agent if this Guide is followed. Agents can, therefore, carry out their responsibility for cashing bonds and yet be sure they will not incur losses if they -

- examine each bond/note to determine that it is eligible for payment and that the request for payment is properly executed,
- require identification that is adequate under this Guide,
- and make a notation that is adequate under this Guide.

2 IDENTIFICATION. There are three kinds of identification - as a customer, by known persons, and by documents.

CUSTOMER IDENTIFICATION. Identification through a customer account is adequate if the presenter of the bond/note is a customer -

- whose name has been on the account at least six months, and whose signature on the request for payment compares favorably with the signature on file.

PERSONAL IDENTIFICATION. Identification by another person is adequate if -

- the identifier is a customer, as described above, or is personally known to an officer of the paying agent,
- in response to questions, it is determined that the identifier knows the presenter by the name inscribed on the bond/note and that the source and duration of his/her acquaintance with the presenter are such as to make his/her identification reliable, and
- the identifier places his/her signature on the back of the bond/note.

DOCUMENTARY IDENTIFICATION. Documents adequate for identification of persons presenting bonds/notes are specified on the back of this Guide. Because documentary identification is less reliable than other forms of identification, not more than $1,000 may be paid in reliance on documentary identification regardless of the number of different documents presented as identification.

Every document must be examined to determine that -

- there is nothing that would raise a suspicion about its genuineness,
- the name in which the document is issued is the same as the name on the bond/note, and
- the signature and the picture or physical description compare favorably with those of the presenter.

3 NOTATION OF IDENTIFICATION. A notation is adequate if it -

- is recorded on the bond/note or in a separate record at the time of payment, and
- is sufficiently detailed to permit, at a later date, a determination of the exact identification actually used.
- There is a special space on the back of the newer stock of bonds for making an identification notation.

Examples of what constitute adequate notations are set out on the back of this Guide.

4 PAYMENTS TO LEGAL REPRESENTATIVES DESIGNATED ON BONDS/NOTES BY BOTH NAME AND TITLE. A paying agent **may** cash such bonds/notes provided the presenters furnish acceptable identification as specified above. In signing each request for payment of a bond, a signer should show his/her title and, if the legal representative is a corporate entity, the full corporate name and signer's title, i.e., vice president, as well.

5 PAYMENTS TO BENEFICIARIES. When saving bonds/notes are presented for cashing by a person who indicates that he or she is the beneficiary named on the bonds/notes and that the owner is deceased, a paying agent **may** cash the bonds/notes for the presenter provided the presenter furnishes an acceptable certificate of death for the person named on the bonds/notes as owner and provides adequate identification as specified above. The copy of the owner's death certificate must be certified under seal of the State or local registrar. The decedent's name on the death certificate must be the same as the bond/note owner's name.

6 PAYMENT TO A LEGAL REPRESENTATIVE OF A LAST-DECEASED REGISTRANT'S ESTATE. A paying agent **may** cash bonds/notes for such presenters if they furnish acceptable identification as specified above **AND** properly certified copies of death certificates (as described in No. 5 above) for all persons named on the bonds as well as evidence of appointment or authority certified to be true and correct under court seal. The evidence must bear a statement that the appointment is in full force and effect, and be dated within 6 months of the bonds' presentation, unless the appointment was made within one year immediately prior to such presentation. That is, the evidence is current if (1) received within one year after the date of appointment or (2) the evidence bears a full force and effect statement issued within six months of the presentation of the bonds.

7 NOTATION OF EVIDENCE. For the agent's protection, it is recommended that a notation be made either on the back of bonds/notes or in a separate record concerning the death certificate(s) and/or letters of appointment. This notation might include the document or case number on the owner's death certificate and/or letters of appointment, the date of death, and the name and location of the issuing authority. The notation should be sufficient to permit the agent to produce a copy of the evidence if the transaction is later questioned. Otherwise, the agent runs the risk that no evidence can be developed to show that it acted with due care, and it could not be relieved of liability should a loss occur. (EXAMPLES OF ADEQUATE NOTATIONS - D/C John Doe, St of KS, No. 50-87, DOD 7/30/90 -- L/A John Doe, St of OK, Kay Cty, No. P-87-5, Dist Ct 7/17/90)

PDF 3900 Department of the Treasury Bureau of the Public Debt (Revised August 1990)

IDENTIFICATION CHART - UNITED STATES SAVINGS BONDS*

TYPE OF IDENTIFICATION	ADEQUATE IDENTIFICATION	ADEQUATE NOTATION
I. CUSTOMER IDENTIFICATION	Presenter is customer: (1) whose name has been on an account for at least 6 MONTHS, and (2) whose signature on request for payment compares favorably with signature on file	Type of account, account number and date established, e.g., "Ck Acct No 3496, 4/17/89." "Sav Acct No 2567, 5/17/89."
II. PERSONAL IDENTIFICATION	Presenter is identified by a customer, as described above, or by an individual personally known to an officer of the paying agent. Determine by questioning that identifier knows presenter by the name inscribed on the bond, and that source and duration of acquaintance is such as to make identification reliable. (Personal identification based on casual acquaintance is not reliable, e.g., a brief landlord-tenant relationship, or identification made of patrons by owners or employees of hotels, bars, restaurants, bowling alleys, etc.)	Name and address of identifier and results of inquiries, e.g., "John Smith, 987 Oak St., ex-college roommate - 10 years." Have identifier place signature on back of bond.
III. DOCUMENTARY IDENTIFICATION - Acceptable only for payments not to exceed $1,000 (cash value) Examine each document for any suspicion as to its genuineness or possible alteration. Compare photograph or physical description on document with those of presenter. Determine that name on document is same as name on bond. Determine that signature on document and on request compare favorably.		
GENERAL		
1 Motor vehicle operator's license	Permanent driver's license at least 2 months old or a renewal, including temporary renewal license. Other temporary or learner's license not adequate.	Issuer, number, issue date, e.g., "N.Y. DMV, A07348-99753-738826 - 12/15/89."
2 State-issued identification card	Card at least 2 months old with holder's photograph and/or physical description and signature, and countersigned or otherwise validated.	Issuer, number, issue date, e.g., CA ID K123456, issue 6/29/89."
3 Employer identification card, including those of state and local governmental agencies	Card with employee's photograph or physical description and signature, and countersigned or otherwise validated by employer whose existence is known to agent.	Issuer, number, issue date, e.g., "ABC Co ID 879,065 - 2/2/89."
4 Craft/trade license issued by state or local government, e.g., to barber, cab driver, electrician, etc.	License at least 2 months old with licensee's photograph or physical description and signature, and countersigned or otherwise validated.	Issuer, document, number, issue date, e.g., "D.C. barber lic. 4513 - 4/9/89."
U.S. GOVERNMENT		
1 Armed Forces identification card	1. **Active duty** - DD Form 2, followed by branch of service, e.g., "A" (for Army) and word "Active" - printed in green ink. **Reserve** - same form - red ink. **Retired** - same form - gray ink.	1 Form number (appears in left marginal border on face of card), service number, card number, issue date, e.g., "DD2A - Active, 33,215,626/12951 - 8/3/89."
2 Uniformed Services Identification and Privilege Card	2 DD Form 1173 - orange color.	2 Form number (appears on left lower corner on back of card), card number (appears on upper right face of form), place of issue, issue date, e.g., "DD 1173, AB12,994/Fort Lee, 4/13/89."
3 United States passport	3 Booklet with holder's photograph, signature and physical description.	3 Passport, number, issue date, e.g., "U.S. passport E12345 - 8/30/89."
4 Federal employee identification card or badge	4 Card or badge with employee's photograph or physical description and signature, and countersigned or otherwise validated.	4 Form number (if any), issuer, card number, issue date, e.g., "E&P 9309 OD, U.S. Treasury, 4464, 1/2/89."
5 Alien Registration Receipt Card ("Green Card")	5 Form I-151 or I-551, with holder's photograph, date of birth, port of entry, thumbprint and signature.	5 Form number (appears on lower right corner on back of card) and alien number (appears in center on front of card), e.g., "Form I-151, A12345678."
UNACCEPTABLE DOCUMENTS 1 Social security cards 2 Automobile registration certificates 3 Birth and marriage certificates 4 Credit cards or plates 5 Health and other insurance policyholder identification cards 6 I.D. cards purchased from commercial I.D. business 7 Organization, union, professional, etc., membership and identification cards 8 Passbooks - banks, et al 9 Selective Service classification cards 10 Voter registration cards 11 Armed Forces discharge or separation documents 12 Selective Service registration certificates	These and similar documents are inadequate as identification because they do not contain both a physical description and a validated signature, and they are usually easily obtainable without the recipient having to establish identification to the issuing authority. Paying agents may, however, request this kind of identification for corroborative purposes. (Note: Armed Forces discharge or separation documents are no longer considered acceptable identification because since 1967 none of these documents contain a physical description of the dischargee, and the description on documents issued prior to 1967 would in many instances not be reliable.)	

***Including United States Savings Notes (Freedom Shares).**

NOTE: A. PAYMENT TO LEGAL REPRESENTATIVE DESIGNATED ON BONDS/NOTES BY BOTH NAME AND TITLE. The paying agent is required to obtain the taxpayer identifying number of the presenter or the estate represented by the presenter. Otherwise, the agent is required to obtain the social security account number of the individual on whose behalf the legal representative is acting.

B. PAYMENT TO OWNER, COOWNER OR SURVIVING BENEFICIARY - The paying agent is required to obtain the presenter's social security account number if it is not included in the inscription on the bonds/notes.

C. PAYMENT TO LEGAL REPRESENTATIVE OF A LAST-DECEASED REGISTRANT'S ESTATE - The paying agent is required to obtain the employer identification number assigned to the decedent's estate. Otherwise, the agent is required to obtain the decedent's social security account number.

The taxpayer identifying number furnished is not to be used as identification for cashing bonds/notes.

Identification Procedures
(continued)

agent pays a large amount to a stranger on the basis of documentary identification. Therefore, as stated in the Guide, not more than $1,000 may be paid at any one time on the basis of documentary identification alone. If more than $1,000 is paid on the basis of documentary identification, the agent will be liable for the entire amount paid not just the amount in excess of $1,000.

Notations to Preserve Record of Identification

The most common cause of the Treasury's inability to relieve paying agents of losses resulting from their payment of Bonds is failure to make any notation or to make an adequate notation of identification. The Guide sets forth notation procedure in detail.

In the absence of an adequate notation, a statement by the paying agent that it had no reason to believe its usual identification procedure was not followed will not be considered, in itself, as a sufficient basis for determining that the agent was free from fault or negligence in making a payment. In this connection, it should be noted that the statute under which the Treasury may relieve paying agents of losses requires the Secretary of the Treasury to find that the loss resulted through no fault or negligence on the part of the paying agent.

General notations, such as "license," "discharge," "Armed Forces ID," or "Employee ID" may not be accepted. The specific document should be described by—name of its issuer, date of its issue, title of document (show documents form number, if it distinguishes it from other unacceptable documents of the same issuer), and serial number applying to holder.

If a notation shows reliance upon a personal identifier, the notation should include his or her name and address and the basis for relying on his or her evidence of knowing the Bond casher as the owner. If an erroneous payment is made, the Treasury will expect agents to be able to show that the identifier did know the presenter by the name on the Bond, and that the source and duration of the identifier's acquaintance with the apparent owner was such as to justify the action taken by the paying agent in cashing the Bond.

Timing the Redemption Transaction

Customers occasionally complain that they cashed their Bonds in the wrong month or months, thereby receiving less interest than they would have otherwise—had they selected the "right" month. To receive the greatest value, a customer should—in most instances—redeem his or her Bonds or Notes on the anniversary date or the midpoint between anniversary dates. Ideally, then, an E Bond with an issue date of June 1, 1951, for example, should be cashed on June 1 or December 1.

When submitting Series H or HH Bonds for redemption between the months in which interest is paid, owners should keep in mind that interest will have ceased on the prior interest payment date. For example, if a Bond dated January 1980 which pays interest each January 1 and July 1 is submitted for payment in September, the last interest payment will have been the July 1 payment. If, for some reason, owners must submit Series H or HH Bonds for redemption 30 days before an interest payment date but desire that redemption be withheld until *after* that date, they should clearly communicate this fact in writing to the FRB or Savings Bond Operations Office.

Customers needing to redeem a number of Bonds at one time sometimes ask whether they should cash their oldest Bonds first or their newest. There is no single answer to satisfy everyone. Generally, however, customers find it advisable to cash their newer Bonds first because the interest return will be less—thereby minimizing federal income tax liability. Of course, care should be taken to avoid paying Series EE Bonds until six months after their issue dates.

Interest Reporting Under the Tax Equity and Fiscal Responsibility Act of 1982

When $10 or more in Savings Bond interest is paid to one person, the agent must furnish an IRS Form 1099-INT or the appropriate informational statement to the payee and the IRS. As with other types of interest reporting, the IRS requires that copies of the statements be retained as records of each transaction subject to reporting during any calendar year.

The law permits the option of either "transaction" reporting or "annual" reporting. A transaction means a payment at one time of one or more bonds. A "1099-INT" statement is prepared *each* time a redemption transaction involves $10 or more in interest. If the total interest paid in a single transaction is less than $10, no reporting is required. For purposes of determining the $10 cut-off, each transaction is treated separately. A copy of the statement may be presented to the payee at the time the transaction occurs or later, but must be provided no later than January 31 of the year following the transaction. Reporting must also be made to the payee and to the IRS. Hard-copy originals of the transaction statements may be forwarded to the IRS periodically but no later than February 28 of the year following transaction. Transaction-type reporting eliminates the need to generate aggregate year-end statements and reports to IRS of the total interest paid on transactions during the year to a single individual. Annual reporting, on the other hand, requires the payer to add up the amount of Savings Bond interest paid throughout the year to a payee, and, if that amount equals or exceeds $10, to generate a single year-end statement to the payee and to the IRS. The statement must be provided to the payee by January 31 and reported to the IRS by February 28 of the following year.

To make the calculation of interest easier, the Savings Bond redemption tables have been revised to show two figures for each Bond. The unshaded figure represents the total redemption value, including the accrued interest. The shaded figure represents the amount of accrued interest on the Bond. The amount of interest to be reported is determined by totaling the "interest earned" amount (shaded figure) for all Bonds/Notes presented in the transaction.

When reporting is required, Form 1099-INT, or an approved substitute, must be completed to show: (1) the name, address, and taxpayer identification number of the payee; (2) the name, address, and taxpayer identification number of the payer (your institution); and (3) the amount of interest earned (total of shaded figures). If payment is made to an owner or a coowner, the social security account number of the person to whom payment is made must be shown. If payment is made to a parent on behalf of a minor owner or coowner, the social security account number of the minor must be shown. (If the minor does not have a number, one must be obtained through the Social Security Administration.)

Records of Payment

Agents should maintain a record of each paid Bond or Note (serial number and amount paid) transmitted to the Federal Reserve Bank in order that settlement may be made if the shipment is lost, or some other discrepancy occurs. Microfilm of the front and back may be made for that purpose. The records, in whatever form, should be maintained for one year and disposed of as provided for issue records on page 42.

Payment of Fees to Issuing and Paying Agents

Fees for Issuing Agents

The Treasury will pay fees to qualified issuing agents for Series EE Bonds issued on sale over-the-counter, on Bond-a-Month Plans, or in connection with payroll savings plans. Class 1 fees are intended to recompense issuing agents that are authorized to inscribe Bonds sold over-the-counter for costs associated with obtaining and controlling unused Bond stock and inscribing and delivering Bonds, exclusive of the cost of postage for Bonds mailed in envelopes provided by a Federal Reserve Bank. Class 2 fees are intended to recompense issuing agents participating in the Regional Delivery System for costs associated with accepting and reviewing purchase orders and preparing transmittals to a Reserve Bank. Class 3 fees are intended to recompense issuing agents participating in the Regional Delivery System for costs associated with accepting and reviewing purchase orders, generating electronic records of purchase orders, and transmitting such information to a Reserve Bank.

Class 1 agents are paid by the Savings Bond Operations Office within fifty days after the close of a calendar quarter via check or direct deposit (electronic funds transfer). Class 2 and 3 agents are paid within forty-five days after the close of a month via a credit to the presenting institution's reserve account.

Issuing agents for payroll savings plans other then Federal agencies are paid a fee based on the number of Series EE Bond issue records transmitted to the Savings Bond Operations Office during a calendar quarter, according to transmittal dates assigned by a Federal Reserve Bank. Such fees are paid 50 days after the close of a quarter by check or direct deposit (electronic funds transfer). Agents for payroll plans are being recompensed for costs associated with obtaining and controlling Bond stock and inscribing and delivering Bonds.

Fees do not cover postage for Bonds mailed in envelopes provided by a Federal Reserve Bank. Institutions receiving any such fees shall not make any charge to customers for the same service.

Inquiries About Fees

Inquiries regarding the operation of the fee system should be addressed to the Savings Bond Operations Office, Accounts and Reports Section, 200 Third Street, Parkersburg, WV 26106-1328 (telephone: (304) 420-6888).

Appendix 1

PD Forms Pertinent to U.S. Savings Bonds/Notes

(Available from Federal Reserve Banks)

PD F 1048
Application for Relief on Account of Loss, Theft, or Destruction of United States Savings and Retirement Securities

PD 1455
Request by Fiduciary for Reissue of United States Savings Bonds/Notes

PD F 1522
Special Form of Request for Payment of United States Savings Bonds/Notes and Retirement Securities Where Use of a Detached Request is Authorized

PD 1849
Disclaimer of Consent With Respect to United States Savings Bonds/Notes

PD 1851
Request for Reissue of United States Savings Bond/Notes in Name of Trustee of Personal Trust Estate

PD 1938
Request for Reissue of United States Savings Bond/Notes during the Lives of Both Coowners

PD 1946
Application for Disposition—United States Savings Bonds/Notes and/or Related Checks (in a Combined Amount Not Exceeding $1,000) Owned by Decedent whose Estate is Being Settled Without Administration

PD F 1946-1
Application for Disposition—United States Savings Bonds/Notes and/or Related Checks Owned by Decedent Whose Estate is Being Settled Without Administration

PD 1980
Description of United States Savings Bonds Series H/HH

PD F 1993
Request for Purchase of United States Savings Bonds With Proceeds of Payment of Matured Savings Bonds

PD 2216
Application by Preferred Creditor for Disposition Without Administration Where Deceased Owner's Estate Includes United States Registered Securities and/or Related Checks in Amount Not Exceeding $500

PD 2458
Certificate of Entitlement—United States Savings and Retirement Securities and Checks After Administration of Decedent's Estate

PD F 2488-1
Certificate by Legal Representative(s) of Decedent's Estates, During Administration, of Authority to Act and of Distribution Where Estate Holds No More Than $1,000 (Face Amount) United States Savings Bonds/Notes, Excluding Checks Representing Interest

PD 2513
Application by Voluntary Guardian of Incompetent Owner of United States Savings Bonds

PD 2517
Application for Relief on Account of the Loss, Theft, or Destruction of Paid United States Savings Bonds

PD 2639
Batch Control Card (Redemptions)

PD F 2966
Special Bond of Indemnity to the United States of America

PD 3062
Claim for Relief on Account of Inscribed United States Savings Bonds Lost, Stolen, or Destroyed Prior to Receipt by Owner, Coowner, or Beneficiary

PD 3062-3
Claim for Relief on Account of Uninscribed or Spoiled United States Savings Bonds Lost, Stolen or Destroyed

PD 3252/OC
Sales Report (Over the Counter Sales)

PD 3252/PR
Sales Report (Payroll Sales)

PD F 3253
Exchange Subscription for United States Savings Bonds of Series HH

PD 3360
Request for Reissue of United States Savings Bond/Notes in the Name of a Person or Persons Other Than the Owner (Including Legal Guardian, Custodian for a Minor Under a Statute, etc.)

PD F 4000
Request by Owner for Reissue of United States Savings Bonds/Notes to Add Beneficiary or Coowner, Eliminate Beneficiary or Decedent, Show Change of Name, and/or Correct Error in Registration

PD 4848
Payroll Sales—Advice of Credit

PD 4881
Application for Payment of United States Savings Bonds of Series EE or HH and/or Related Checks in an Amount Not Exceeding $1,000 by the Survivor of a Deceased Owner Whose Estate is Not Being Administered

PD 4882
Application for United States Savings Bond—Series EE (non-RDS)

PD F 5263
Order for Series EE U.S. Savings Bonds (RDS)

Appendix 2

SAVINGS BONDS
DISTRICT OFFICES

(All addresses should be headed:
U.S. Savings Bonds Division,
Department of the Treasury)

Atlanta
(Georgia, Florida)
1720 Peachtree Street, NW
Suite 242
Atlanta, GA 30309
(404) 347-4895

Birmingham
(Alabama, Louisiana, Mississippi, Tennessee)
Suite 750 Beacon Ridge Tower
600 Beacon Parkway West
Birmingham, AL 35209
(205) 731-1202

Boston
(New England)
Boston Federal Office Bldg.
10 Causeway Street,
Room 463
Boston, MA 02222-1090
(617) 565-6100

Chicago
(Northern Illinois)
John C. Kluczynski Federal Bldg.
230 S. Dearborn St., Rm. 530
Chicago, IL 60604-1594
(312) 353-6754

Cleveland
(Ohio, Kentucky)
55 Erieview Plaza, Suite 580
Cleveland, OH 44114
(216) 522-4012

Dallas
(Texas)
Earle Cabell Fed. Bldg. & Cthse.
1100 Commerce St.
Rm. 14C-44
Dallas, TX 75242-9972
(214) 767-0435

Detroit
(Michigan, Indiana)
Patrick V. McNamara Bldg.
Suite 1745
477 Michigan Ave.
Detroit, MI 48226-2577
(313) 226-7375

Greensboro
(North Carolina, South Carolina)
U.S. Courthouse
324 W. Market St., Room 236
Greensboro, NC 27402
(919)333-5461

Los Angeles
(Arizona, Southern California, Southern Nevada, New Mexico)
11000 Wilshire Blvd.
Suite 9120
Los Angeles, CA 90024
(213) 209-7764

Manhattan
26 Federal Plaza, Rm. 3046
New York, NY 10278
(212) 264-1368

Minneapolis
(Iowa, Minnesota, Nebraska, North Dakota, South Dakota, Wisconsin)
220 S. Second St.
Bridgeplace, Room 301
Minneapolis, MN 55401
(612) 370-3200

New Jersey
810 Bear Tavern Road
Suite 303
West Trenton, NJ 08628
(609)989-2088

New York
(New York State, except Manhattan)
6 World Trade Center
Room 320
New York, NY 10048
(212)466-4450

Pittsburgh
(Delaware, Pennsylvania)
Federal Bldg., Rm. 832
1000 Liberty Ave.
Pittsburgh, PA 15222
(412) 644-2990

San Francisco
(Northern California, Northern Nevada, Utah)
Alameda Federal Center
620 Central Ave.
Bldg. 2E, Rm. 107
Alameda, CA 94501
(415) 273-4477

Seattle
(Alaska, Colorado, Hawaii, Idaho, Oregon, Montana, Washington, Wyoming)
121-107th N.E. Suite 124
Bellevue, WA 98004
(206) 442-4536

St. Louis
(Arkansas, Oklahoma, Missouri, Kansas, Southern Illinois)
1222 Spruce St.
Room1.208
St. Louis, Mo 63103
(314) 539-6675

Washington, D.C.
(District of Columbia, Maryland, Virginia, West Virginia)
5550 Friendship Blvd.
Suite 400A
Chevy Chase, MD 20815
(301)492-5797